ILLINOIS 1998

Comprehensive Annual Financial Report

FOR FISCAL YEAR ENDED JUNE 30, 1998

State of Illinois

COMPTROLLER

Loleta Didrickson

Comprehensive Annual Financial Report
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December 31, 1997

To the Citizens of Illinois, Governor Edgar
and Members of the Illinois General Assembly:

Today I am releasing the State of Illinois ***Comprehensive Annual Financial Report ("CAFR")*** for the fiscal year ended June 30, 1997. This year's CAFR presents the State of Illinois' financial position and results of operations in accordance with generally accepted accounting principles ("GAAP") as prescribed in pronouncements of the Governmental Accounting Standards Board ("GASB"). This audited report enables you to assess the stewardship entrusted to the State in a manner that is consistent with other governments and consistent from year to year.

This year's CAFR reveals a ***$500 million or 53% improvement*** in the State's General Fund. The fund deficit in the General Fund decreased from $951 million at June 30, 1996 to $451 million at June 30, 1997. With the healthy economy, the State benefits in the short term from higher tax revenues and interest earnings. However, we must be prepared for the long term and a potential downturn of the economy. For example, under the new GASB pension standard the State's retirement systems were underfunded by $1.4 billion during the current fiscal year. I will continue to monitor and report on both the short and long term condition of the State.

This report contains three sections: the introductory, the financial, and the statistical and economic sections. Responsibility for the accuracy of the data as well as the completeness and fairness of presentation of this report rests with my Office and other State agency management. This report necessarily includes certain amounts which are based on management's best estimates and judgments.

This CAFR includes a copy of the 13th ***Certificate of Achievement for Excellence in Financial Reporting*** awarded to the State of Illinois by the Government Finance Officers Association for the State's previous CAFR, published in 1996. This certificate is a prestigious national award recognizing conformance with the highest standards for preparation of state and local governmental financial reports.

This CAFR differs from the thirteen that have preceded it in an important respect. For the first time in Illinois, and for the first time by any state or local government issuer of a CAFR, ***it includes measurement information, on an experimental basis about the results, accomplishments, and performance of Illinois state government*** beyond just disclosures of financial condition and operations.

I have consistently expressed my belief that accountability that only reports how much government spent, and what that spending bought, is insufficient. Citizens are also entitled to know what are the results of the expenditure of our tax dollars? The missing piece of accountability has been what services have been provided, in quantity and quality, and what public purposes served, how well, at what cost?

The history of efforts to measure and use government performance or results information is a long one, and is summarized as background in a following section. But the most recent development has come from the GASB, the authoritative body that promulgates the GAAP that all state and local CAFRs must follow. GASB has said that one of the subobjectives of CAFR reporting is "to provide information to assist users in assessing the service efforts, costs, and accomplishments of the governmental entity." Consistent with that conclusion regarding objectives, GASB has encouraged state and local CAFR issuers to experiment with the inclusion of government service efforts, and accomplishments information ("SEA"). Such experimentation is expected to be a necessary precondition to GASB adoption of authoritative guidance for the inclusion of SEA information in all state and local government CAFRs.

As reflected by the following correspondence, ***this Illinois CAFR has been designated as a GASB SEA experimentation effort for the purpose of the national discussion regarding government performance accountability.*** Throughout the report you will find examples of different kinds of performance and service measures. For this first experimental effort we worked with the various agencies in an ad hoc process to capture illustrative examples. At the same time we are also working to create processes that will provide SEA measures on a systematic and comprehensive basis in the future.

I wish to extend my appreciation to the various Illinois agencies, offices, and boards who assisted us in this pilot effort in government accountability. We all hope this effort in Illinois will contribute to the national dialogue on government SEA-Performance accountability, and more parochially also begin to tell Illinoisians something about the results of the expenditure of their tax dollars.

Sincerely,

LOLETA DIDRICKSON
Comptroller

GOVERNMENTAL ACCOUNTING STANDARDS BOARD
401 Merritt 7, P.O. Box 5116, Norwalk, Connecticut 06856-5116 / 203-847-0700
Fax: 203-849-9714

GASB

April 2, 1997

The Honorable Loleta A. Didrickson
Comptroller
State of Illinois
State House
Springfield, IL 62706

Dear Comptroller Didrickson:

We are pleased to formally announce the designation of the State of Illinois as a GASB service efforts and accomplishments (SEA) experimentation site.

As you are aware, the Board is leading and sponsoring research into how governmental financial reports can be strengthened by including measures on SEA, in addition to traditional financial data and information. Measuring and reporting program performance, as part of overall financial reporting, remains one of the GASB's three major objectives for governmental financial reporting.

As a basis for establishing standards for SEA reporting, we have been strongly encouraging state and local governments to undertake experiments in developing and selecting SEA indicators, gathering data for these indicators, and devising methods for presenting and explaining the information.

Over the past year we have become aware of your desire and commitment to strengthen accountability not only for how funds were spent, but also for what the spending accomplished. We are especially interested in Illinois' efforts because of your plan to incorporate various SEA measures into the Comprehensive Annual Financial Report (CAFR). The annual financial report is the primary vehicle for accountability by governments, and we believe it remains a viable place for reporting SEA information.

Your initiative not only offers Illinois a timely opportunity for leadership on this important and evolving issue, but also advances the Board's view that SEA reporting is fundamental both to governmental decision making and public accountability. We heartily applaud your leadership, wish you the best in your efforts, and assure you that we are here to support and assist in any way we can. Please feel free to call on us.

Sincerely,

Tom L. Allen
Chairman

David R. Bean
Director of Research

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State of Illinois
COMPTROLLER
Loleta A. Didrickson

December 31, 1998

The Honorable Jim Edgar
Governor
State of Illinois
207 State House
Springfield, Illinois 62706

Dear Governor Edgar:

It is my pleasure to present to you the ***State of Illinois Comprehensive Annual Financial Report ("CAFR")*** for the year ended June 30, 1998. The CAFR is the State's official annual report and provides the readers with the financial position of the State at June 30, 1998, and results of operations during the fiscal year. The report is intended to provide the State's managers, investors and creditors, taxpayers, the legislature, and other users with information in accordance with generally accepted accounting principles ("GAAP"). The statements are presented using the "pyramid" approach to governmental financial reporting as prescribed in pronouncements of the Governmental Accounting Standards Board ("GASB"). Responsibility for the accuracy of the data as well as the completeness and fairness of presentation of this report rests with my Office and other State agency management. This report necessarily includes certain amounts which are based on management's best estimates and judgments.

The CAFR is composed of the following sections: introductory; financial; and statistical and economic. The *introductory section* includes the table of contents, the Comptroller's letter of transmittal and SEA Performance Measurement Initiative, and the State's organization chart. The *financial section* includes the Auditor General's report on the financial statements, the general purpose financial statements, required supplementary information and the combining and individual fund financial statements and schedules. The *statistical and economic section* includes selected demographic and business data, generally on a multi-year basis, and SEA Performance Measurement Initiative/Illustrations consistent with our GASB experimentation designation.

The accompanying financial statements are prepared in conformity with GAAP applicable to state governments as prescribed by the GASB. This office strongly supports the GASB, contributed to its formation and participates in the development of pronouncements, providing testimony at public hearings and submitting comments and recommendations as proposed standards are distributed for exposure.

The CAFR includes all funds, account groups, elected offices, departments and agencies of the State, as well as all boards, commissions, authorities, universities and colleges for which the State's executive or legislative branches are financially accountable. The financial statements distinguish between primary government organizations and component units. The primary government is the nucleus of the financial reporting entity and is the focal point for the users of the financial statements. The primary

government of the State consists of all the organizations that make up its legal entity. All funds, departments, agencies, offices and other organizations that are not legally separate are, for financial reporting purposes, part of the State or another entity's primary government. Component units are legally separate organizations for which the State is financially accountable.

The financial activities of the State are organized on the basis of individual funds and account groups, each of which is a separate accounting entity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with specific regulations, restrictions and limitations. The reporting entity, fund types and account groups are described in detail in Note 1 to the financial statements.

To ensure readability of the financial statements, generally only funds with total assets, liabilities, fund equity, revenues or expenditures greater than 2% of the total for that fund type (except special revenue funds where .5% is used) are presented separately in the combining statements. Combination of funds is necessary due to the existence of more than 700 funds in the State's reporting entity. Funds used by more than one agency are classified with what is determined to be the primary administering agency.

Universities, colleges and their related foundations and alumni associations are reported as "discretely presented component units." The Combined Statements of Changes in Fund Balances and Current Funds Revenues, Expenditures and Other Changes for university and college funds are presented separately within the general purpose financial statements in conformity with GAAP.

An organizational chart, showing the relationships of the three branches of Illinois State government and those of the various agencies, boards, commissions and colleges and universities which provide a full range of State government services, is presented on pages xxxviii and xxxix.

FINANCIAL INFORMATION

The following balance sheet and operating statements have been condensed from the statements included in the State of Illinois *Comprehensive Annual Financial Report* utilizing the "memorandum only" column of the primary government.

State of Illinois
Balance Sheet - Primary Government

	Amounts (in millions) FY1998	FY1997*
Assets (and other debits)		
Cash	$ 8,225	$ 8,792
Investments	46,052	36,948
Receivables, net	6,563	6,466
Fixed assets	5,126	4,909
Other assets	1,375	1,522
Other debits	20,608	19,718
Total assets and other debits	$ 87,949	$ 78,355
Liabilities		
Payables	$ 7,063	$ 8,602
Pension liability	11,305	10,557
Bonds outstanding	8,875	8,507
Depository and other	5,679	6,018
Other	2,210	2,332
Total liabilities	35,132	36,016
Fund Balances/Retained Earnings		
Investment in fixed assets	5,061	4,834
General	(213)	(443)
Special revenue	2,943	2,683
Debt service	745	639
Capital projects	357	135
Proprietary	288	281
Trust	43,636	34,210
Total fund equity	52,817	42,339
Total liabilities and fund balances/ retained earnings	$ 87,949	$ 78,355

* As restated

State of Illinois
Operating Statement - Primary Government

	Amounts (in millions) FY1998	FY1997*
Revenues		
Taxes -		
Income	$ 8,811	$ 7,932
Sales	7,168	6,823
Other taxes	5,270	5,179
Federal government	8,950	8,910
Charges for sales and services	2,767	2,628
Interest income	6,332	5,591
Contributions	2,349	1,593
Licenses and fees	1,093	1,078
Other	1,583	1,412
	44,323	41,146
Expenditures/Expenses		
Health and social services	9,963	9,290
Education	6,786	6,132
General government/administrative	5,768	5,149
Social assistance	3,540	3,873
Transportation	2,649	2,698
Public protection and justice	1,678	1,613
Debt service	966	944
Benefit payments and refunds	2,907	2,614
Prizes and claims	842	827
Other	1,426	1,222
	36,525	34,362
Net other sources (uses) and nonoperating revenues (expenses)	(1,073)	(1,169)
Excess of revenues over expenditures/expenses and net other uses	$ 6,725	$ 5,615

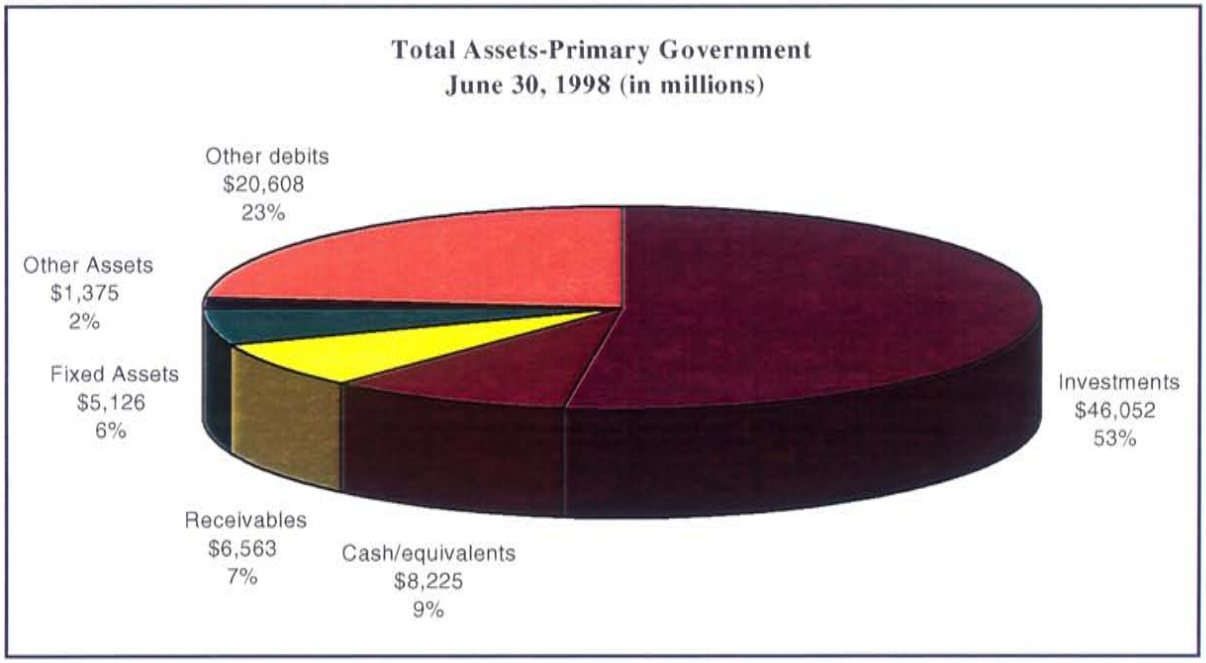
Assets (and "other debits")

Total assets (and other debits) of the State of Illinois at June 30, 1998 were almost $88 billion. This was an increase of $9.6 billion (12%) over fiscal year 1997. The largest increase was in the State's investments ($9.1 billion). The Pension Funds accounted for $6.4 billion of the investment increase. The remaining increase in the State's investments was caused by the non-pension funds implementing Governmental Accounting Standards Board (GASB) Statement 31, which requires investments to be accounted for at fair value rather than cost.

Comparison of Total Assets (in millions) *

Account	FY1998	FY98 %	% change From 1997	FY1997**
Investments	$ 46,052	52.3%	24.6%	$ 36,948
Cash & cash equivalents	8,225	9.4%	(6.4%)	8,792
Receivables	6,563	7.5%	1.5%	6,466
Fixed assets	5,126	5.8%	4.4%	4,909
Other assets	1,375	1.6%	(9.7%)	1,522
Other debits	20,608	23.4%	4.5%	19,718
Total Assets	$ 87,949	100.0%	12.2%	$ 78,355

*The above numbers include primary government funds only. ** As restated.



Liabilities

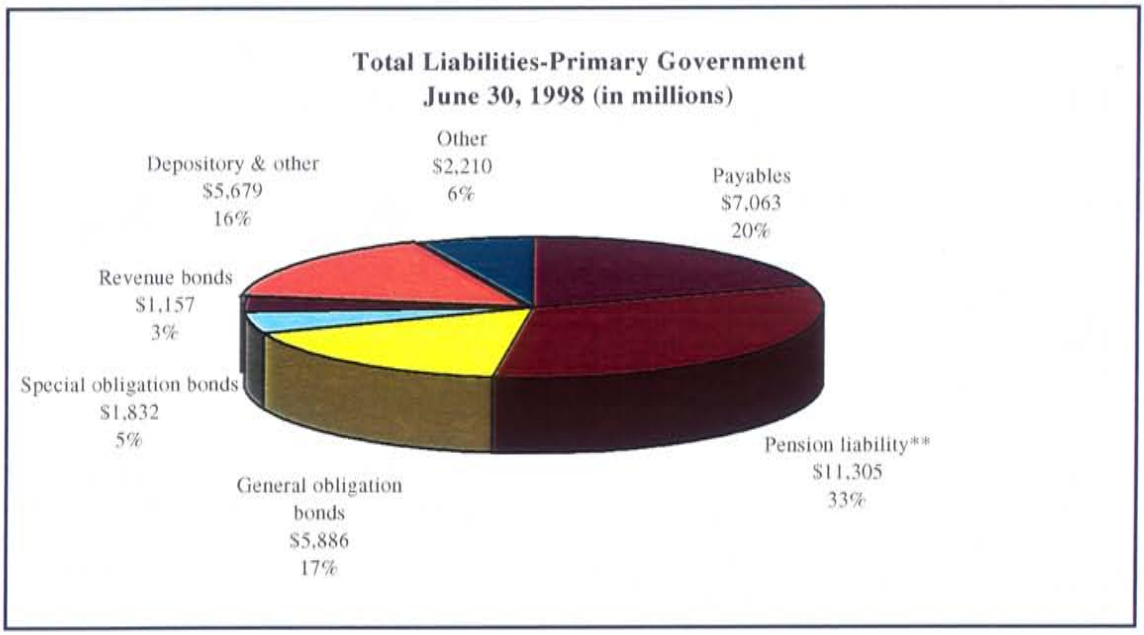
Total liabilities decreased to $35.1 billion at June 30, 1998, $884 million (2.5%) less than fiscal year 1997. The State's payables decreased $1.5 billion which is a reflection of the improved financial condition of the State. The decrease in payables was partially offset by an increase ($748 million) in the pension liability (mostly because of a $706 million increase in the net pension obligation at Teachers' Retirement System). Depository and other liabilities decreased $339 million which is attributable to the reclassification of the Public Treasurers' Investment Pool Fund and the Deferred Lottery Prize Winners' Fund where liabilities were reclassified to fund balance.

Comparison of Total Liabilities (in millions) *

Account	FY1998	FY98 %	% change From 1997	FY1997
Payables	$ 7,063	20.1%	(17.9%)	$ 8,602
Pension liability**	11,305	32.2%	7.1%	10,557
General obligation bonds	5,886	16.8%	4.1%	5,655
Special obligation bonds	1,832	5.2%	(2.8%)	1,885
Revenue bonds	1,157	3.3%	19.6%	967
Depository & other	5,679	16.1%	(5.6%)	6,018
Other	2,210	6.3%	(5.2%)	2,332
Total Liabilities	$ 35,132	100.0%	(2.5%)	$ 36,016

*The above numbers include primary government funds only.

**See page xxiv for further information.



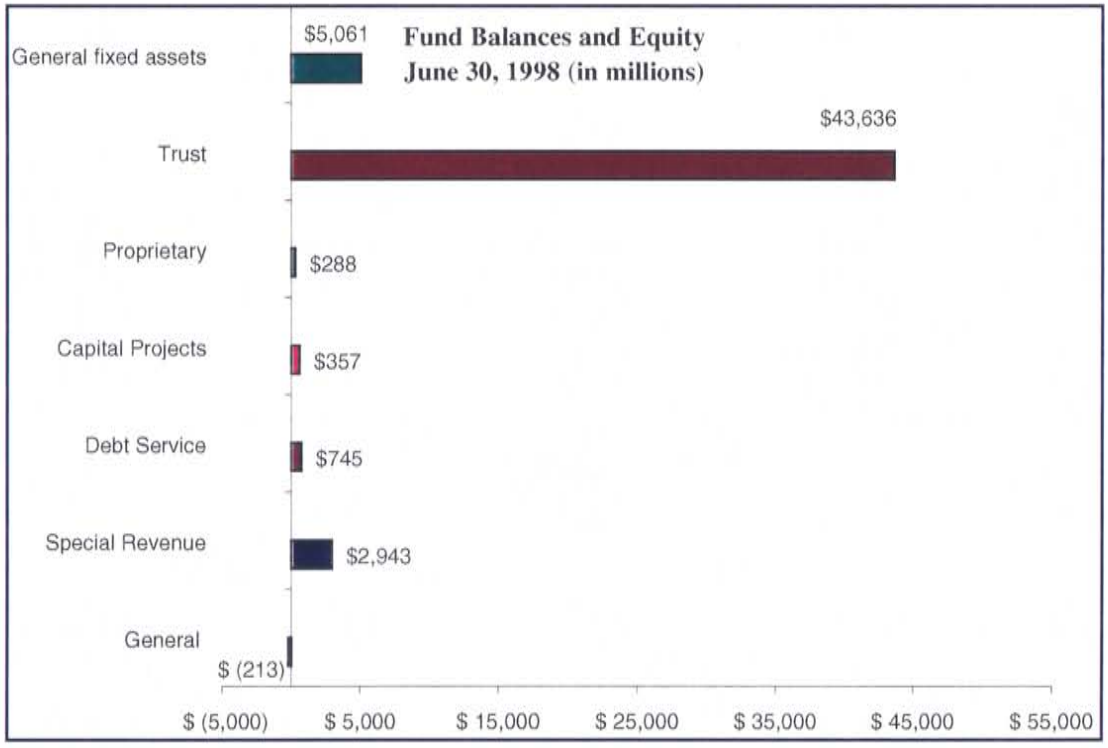
Fund Balances and Retained Earnings

The fund balances for all primary government funds combined was $52.8 billion at June 30, 1998 representing a 25% increase from fiscal year 1997. By far, the majority of the increases were in the trust funds ($9.4 billion). Within those funds, the Pension Fund balances increased $5 billion and the Public Treasurers' Investment Pool Fund ($2.4 billion) along with the Deferred Lottery Prize Winners Fund ($1.7 billion) were reclassified from agency funds to investment trust funds.

Comparison of Total Fund Balances (Deficits) and Retained Earnings (in millions) *

Fund Types/ Account Group	FY1998	FY98 %	% change From 1997	FY1997**
General	$ (213)	(0.4%)	52.9%	$ (443)
Special Revenue	2,943	5.6%	9.7%	2,683
Debt Service	745	1.4%	16.6%	639
Capital Projects	357	0.7%	164.4%	135
Proprietary	288	0.5%	2.5%	281
Trust	43,636	82.6%	27.6%	34,210
General fixed assets	5,061	9.6%	4.7%	4,834
Total Fund Balances	$ 52,817	100.0%	24.7%	$ 42,339

*The above numbers include primary government funds only. ** As restated.



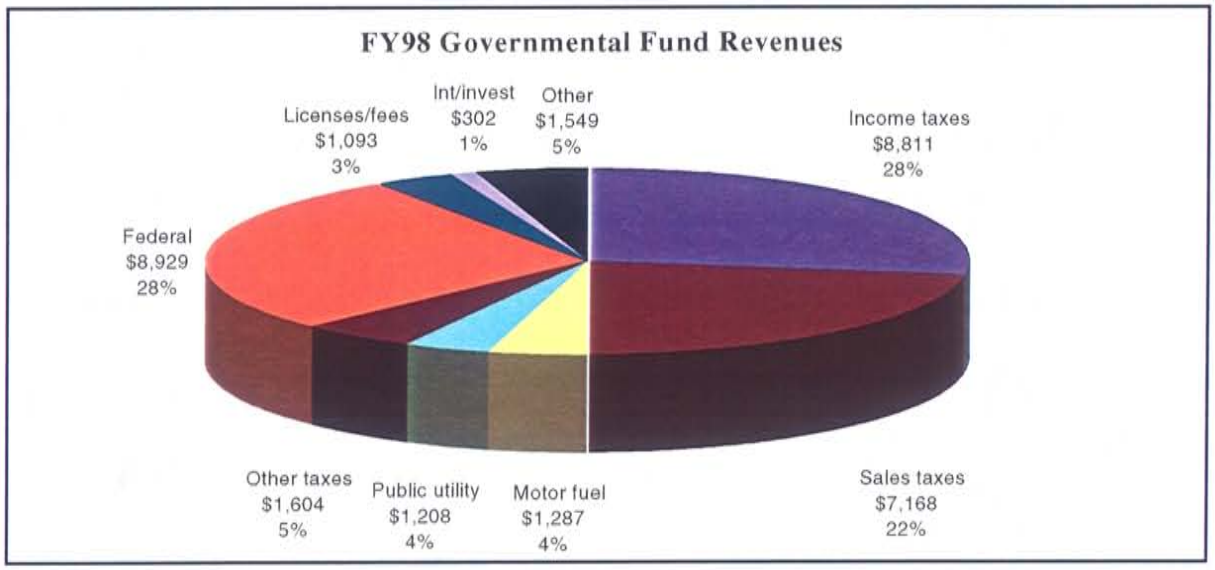
General Governmental Functions

The governmental fund types are those through which most State functions are financed. These fund types (the general, special revenue, capital projects, and debt service funds) are presented on the modified accrual basis of accounting. Throughout the year, the Comptroller's Office publishes a monthly *Fiscal Focus* which summarizes the status of governmental fund revenues and expenditures and analyzes various programs and activities. These reports are available on request.

Revenues

Revenues on the modified accrual basis are recognized when they are both measurable and available to finance current operations. Revenues (amounts expressed in millions) from various sources for fiscal years 1998 and 1997 are as follows:

	Amount		Percentage of Total		Increase (Decrease)	Percentage Incr (Decr)
Revenue Source	1998	1997	1998	1997	from 1997	from 1997
Taxes:						
Income	$ 8,811	$ 7,932	28%	26%	$ 879	11%
Sales	7,168	6,823	22%	22%	345	5%
Motor fuel	1,287	1,232	4%	4%	55	4%
Public utility	1,208	1,093	4%	4%	115	11%
Other	1,604	1,664	5%	5%	(60)	-4%
Federal government	8,929	8,887	28%	29%	42	1%
Licenses & fees	1,093	1,078	3%	4%	15	1%
Interest/investment	302	248	1%	1%	54	22%
Other	1,549	1,371	5%	5%	178	13%
Total	$ 31,951	$ 30,328	100%	100%	$ 1,623	5%



Fiscal year 1998 governmental funds revenues increased by $1,623 million (5%) over 1997 revenues. State-imposed taxes including income, sales, motor fuel, public utility, and miscellaneous other taxes remained the largest overall revenue source for fiscal year 1998 and comprised nearly 63% of total State revenues.

Income Tax

Income tax revenues, the State's largest tax revenue source, increased $879 million (11%) from fiscal year 1997. The increase is generally the result of a robust economy and resulting growth in personal and corporate income taxes.

Sales Taxes

Sales taxes remained the second largest tax revenue source for fiscal year 1998, increasing $345 million (5%) from fiscal year 1997. The increase is due to general growth in retail sales in an improved economy.

Public Utility Taxes

Public utility taxes showed an increase of $115 million (11%) mainly because of a 2% rate increase in the telecommunications tax deposited into the Common School Fund and the School Infrastructure Fund. Also, the Department of Revenue began collecting a new Energy Assistance Charge for deposit into the Supplemental Low Income Energy Assistance Fund.

Federal Government Revenues

Federal government revenues for fiscal year 1998 remained virtually unchanged when compared to fiscal year 1997, but continue as the second largest revenue source on a GAAP basis for 1998 (second only to the State-imposed taxes discussed above). A closer analysis of individual agencies' activities reveals off-setting increases and decreases. Federal revenues at the Department of Public Aid in the General Fund decreased $602 million reflecting the transfer of many programs to the newly formed Department of Human Services. Correspondingly, the Department of Human Services, which consolidated all or parts of six different agencies, reflected increased federal government revenues in the General Fund of $767 million. Federal government reimbursement revenues of the Medicaid assessment program accounts within the General Fund decreased $89 million. The accounts and their increases (decreases) were: County Hospital Services Provider Fund $117 million; University Hospital Services Provider Fund ($28 million); Long-term Care Provider Fund ($26 million) and the Hospital Provider Fund ($152 million).

A significant decrease occurred in the Road Fund ($187 million) administered by the Department of Transportation (IDOT). The decrease happened because the Congress did not pass a new federal highway bill until May 1, 1998. Until the passage of the bill, IDOT received minimal interim funding on its federally financed programs.

Federal government revenues at the State Board Education (Federal Department of Education Fund, Federal Department of Agriculture Fund and the Special Education Medicaid Matching Fund) increased $188 million due to additional programs and more eligible recipients.

There was one other noteworthy change in federal government revenues. The Food Stamp and Commodity Trust Fund of the Department of Human Services decreased $81 million because refunds of food stamp coupons were recorded as off-sets to federal government revenue for the first time. In prior years, these refunds were shown as social assistance expenditures.

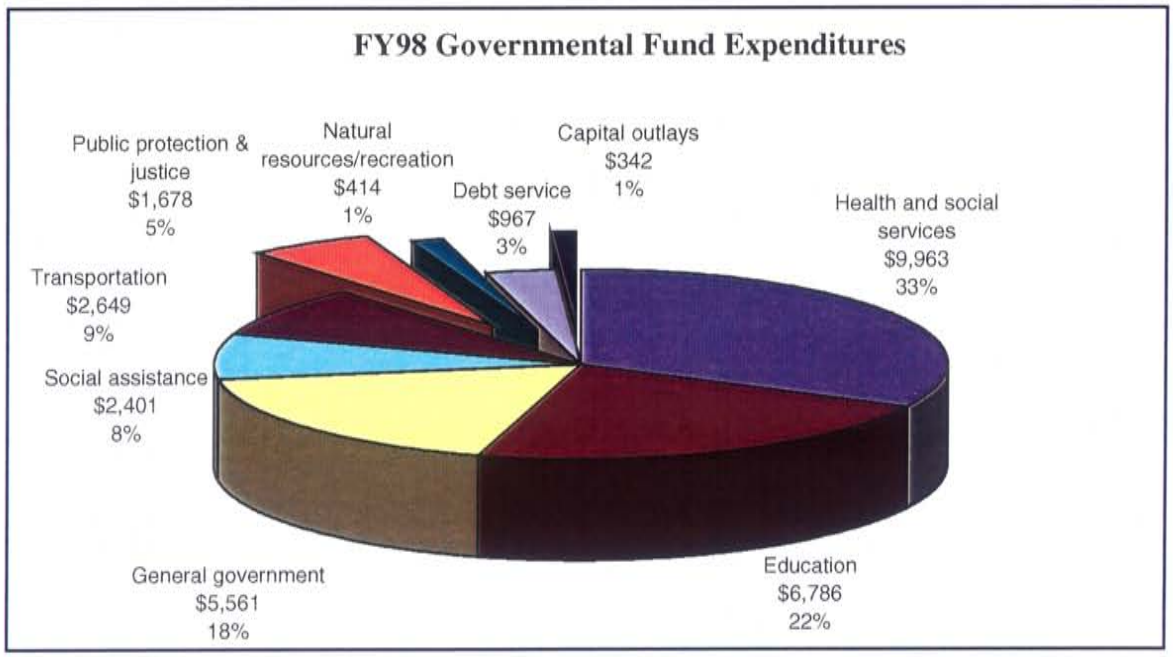
Other Revenues

Other revenues increased $178 million (13%) from fiscal year 1997. One major component of the increase occurred in the County Hospital Services Fund where the other revenues were $113 million larger than the previous year because there were more Medicaid eligible patients. Another component was an increase of $84 million in the Department of Public Aid's Child Support Enforcement Trust Fund where record collections were recorded this year.

Expenditures

Expenditures for governmental fund types are presented on the modified accrual basis of accounting and are generally recognized when the liability is incurred regardless of when payment is made. Expenditures (amounts expressed in millions) for major governmental fund functions in fiscal year 1998 and 1997 were as follows:

Expenditure Function	Amount 1998	Amount 1997	Percentage of Total 1998	Percentage of Total 1997	Increase (Decrease) from 1997	Percentage Incr (Decr) from 1997
Health and social services	$ 9,963	$ 9,289	33%	32%	$ 674	7%
Education	6,786	6,132	22%	21%	654	11%
General government	5,561	4,964	18%	17%	597	12%
Social assistance	2,401	2,631	8%	9%	(230)	(9%)
Transportation	2,649	2,698	9%	10%	(49)	(2%)
Public protection & justice	1,678	1,613	5%	6%	65	4%
Natural resources/recreation	414	418	1%	1%	(4)	(1%)
Debt service	967	944	3%	3%	23	2%
Capital outlays	342	375	1%	1%	(33)	(9%)
Total	$ 30,761	$ 29,064	100%	100%	$ 1,697	6%


FY98 Governmental Fund Expenditures
Public protection & justice $1,678 5%
Natural resources/recreation $414 1%
Debt service $967 3%
Capital outlays $342 1%
Health and social services $9,963 33%
Transportation $2,649 9%
Social assistance $2,401 8%
General government $5,561 18%
Education $6,786 22%

Governmental funds expenditures of $30,761 million in fiscal year 1998 increased $1,697 million (6%) over 1997 and were $1,190 million less than revenues on a GAAP basis.

Health and Social Services Expenditures

Health and social services expenditures of $10 billion were the largest expenditure function for fiscal year 1998, *increasing* by $674 million (7%)

over fiscal year 1997. This expenditure function is 33% of total spending on a GAAP basis, increasing slightly from 32% in fiscal year 1997. Significant fluctuations occurred at several agencies. A $431 million increase in General Fund expenditures at the Department of Human Services (DHS) represents the first full year of the agency's operations. In addition, the Fiscal Year 1998 appropriations allocated increased funding to the Department for its social service programs. The Department of Public Aid showed a $365 million increase in General Fund spending in spite of the fact that many of its programs were transferred to DHS. The increase is attributable to larger Medicaid expenditures. Expenditure decreases occurred at the Department of Public Health ($53 million) and the Department of Children and Family Services ($41 million). The decreases at both agencies can be partially explained by programs that were transferred to DHS. The Medicaid assessment funds' expenditures decreased by $145 million.

Education Expenditures

Education expenditures were once again the second largest expenditure function in the governmental funds for fiscal year 1998. Education expenditures increased $654 million (11%) from fiscal year 1997 on a GAAP basis.

Significant education expenditure increases that reflect the continuing budgetary emphasis on education in fiscal year 1998 were at the State Board of Education where General Fund expenditures increased $134 million in the General Revenue Account and $206 million in the Common School Account.

Other education expenditure increases were in the State Board of Education Federal Department of Education Fund ($89 million) for increased eligible reimbursements and in the Special Education Medicaid Matching Fund ($67 million) where more children received Medicaid services provided by local school districts. The Teachers' Retirement System received $76 million more in fiscal year 1998 from the State's Common School account within the General Fund to pay the employer contribution of local school district teachers as required by law.

Social Assistance Expenditures

Social assistance expenditures decreased $230 million (9%) from the last fiscal year. The largest decreases occurred at the Department of Human Services and the Department of Public Aid in the General Fund ($217 million) because of the change from the Aid To Families With Dependent Children (AFDC) Program to the Temporary Assistance For Needy Families (TANF) Program. The TANF Program imposes a time limit on assistance that has reduced expenditures. Another significant decrease was in the food stamp program administered by the Department of Human Services where expenditures decreased $81 million because of a change in the method of accounting for the refund of food stamp coupons to the federal government.

General Government

General government expenditures increased $597 million (12%) from fiscal year 1997 to 1998. A significant expenditure increase occurred at the Department of Central Management Services ($152 million) in conjunction with increased funding for group insurance expenditures and changes in calculating health insurance claims incurred but not reported. In addition, the Department of Revenue's expenditures increased $124 million in the Personal Property Tax Replacement Fund and $80 million in the Local Government Distributive Fund. This growth was mainly attributable to larger payments to units of local government because of income tax growth.

Internal Control

Each State agency's management is responsible for establishing and maintaining internal control designed to ensure that the assets of the State are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The State's internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of

reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

On October 31, 1989 the Fiscal Control and Internal Auditing Act ("FCIAA") became law, requiring all State agency chief executive officers to annually certify the adequacy of internal control in place within their agencies. The first annual certifications by State agency CEOs were due November 15, 1990. Subsequent certifications are due May 1st each year. The FCIAA also requires that certain agencies have a chief internal auditor with a specified minimum level of professional competency.

Budgetary Controls

The Comptroller's Statewide Accounting Management System (**"SAMS"**) provides the basis for receipt, expenditure and encumbrance reporting of all State treasury held funds with specific budgetary controls maintained on line-item expenditures for all appropriated funds. Appropriations (budget) and actual expenditure analysis for significant individual funds is provided in the Budgetary Schedules section of this report. A reconciliation between the GAAP and budgetary basis of accounting is presented in Note 2 of the financial statements. The budgetary system (i.e., SAMS) classifies funds into traditional groupings which do not conform with the fund type classifications set forth by the GASB; therefore, a reclassification of budget categories to GAAP financial statement fund types also is presented in Note 2.

The State of Illinois has a two-month "lapse period." During this time, July 1 to August 31, State agencies can expend funds appropriated in the prior fiscal year if encumbered by June 30. For all fund types, goods or services received prior to June 30 are recorded as liabilities and expenditures or expenses, whichever is appropriate. For governmental fund types, lapse period expenditures for goods or services encumbered as of June 30 and received prior to August 31 are reported with other encumbrances as reservations of June 30 fund balances and not as liabilities or expenditures.

Investment Management

The Illinois State Treasurer is responsible for investing all cash resources of the State, with the exception of those held by the retirement systems and certain debt service, enterprise, agency, universities' and colleges' endowments and other locally-held funds. Of the five retirement systems, three pool their resources for investment and two invest their resources under investment master trustee arrangements with individual investment managers. The universities and colleges are granted independent powers to invest their funds which are held outside the State Treasury. Interest income earned on the cash resources received and invested by the State Treasurer is allocated to the various funds (where specified by law) based on the average daily cash balances invested. A comparison with prior years of the State's investments (including component units) at June 30 is presented on page xx.

State agencies had $8.9 billion more invested at June 30, 1998 than at June 30, 1997. A portion of this increase is attributable to the State's new accounting treatment for investments (GASB Statement 31) that requires investments to be presented at fair value. Also, interest and investment income increased $812 million. This increase can be attributed mainly to larger balances available for investment purposes.

Agreements signed between the State of Illinois and the Financial Management Service of the U.S. Treasury ("FMS") since July 1993, set out procedures for drawing federal funds and methods for computing interest liabilities for programs subject to the federal Cash Management Improvement Act ("CMIA"). Illinois submitted the fiscal year 1997 *CMIA Annual Report* in December 1997, and after review by FMS paid the federal government $2.9 million in State interest liabilities by the March 1998, due date.

Comparison of Investment Portfolios at June 30,
(In millions)

	1998		1997		1996		1995	
Investment Type	Amount	%	Amount	%	Amount	%	Amount	%
Corporate Equity Securities	$ 13,550	24%	$ 13,513	29%	$ 8,747	24%	$ 7,489	24%
Mutual Funds	15,962	29%	11,963	25%	8,458	23%	7,200	23%
U.S. Treasury & Agency Obligations	10,164	18%	8,151	17%	6,849	18%	5,823	18%
Corporate Debt Securities	5,981	11%	4,538	10%	4,741	13%	4,191	13%
Tangible Property	2,687	5%	2,631	6%	2,767	7%	2,690	9%
Repurchase Agreements	4,025	7%	3,197	7%	3,164	9%	2,374	7%
Commercial Paper	2,252	4%	1,833	4%	1,291	3%	958	3%
Investment Contracts	982	2%	844	2%	956	3%	903	3%
Totals	$ 55,603	100%	$ 46,670	100%	$ 36,973	100%	$ 31,628	100%

Cash Management

The State of Illinois' daily activities are operated on a "cash basis," where bills are paid with the available balances of cash on hand. The Comptroller, chief fiscal officer of the State of Illinois, maintains the State's central fiscal accounts and is responsible for ordering all payments into and out of the funds held by the State Treasurer. The State's cash flow situation improved again during fiscal year 1998. The General Fund's available balance at June 30, 1998 was $1.2 billion. This was $395 million greater than the balance at June 30, 1997. The cash balance generally is affected by the same events previously discussed in the *General Governmental Functions* Section.

The General Fund includes the three school and General Revenue Fund accounts which administer nearly 42% of the State's annual expenditures. The General Revenue Account is also the State's basic operating fund, funding at least a portion of the operating budget of every major agency. Nearly all of the $395 million improvement occurred in the General Revenue Fund account.

General Fund

Many State programs are accounted for in the General Fund. As demonstrated by the tables on page xxi (in millions), the State's GAAP basis financial position at June 30, 1998 improved from fiscal year 1997. The *fund* deficit in the State's General Fund decreased by $230 million on a GAAP basis (from a deficit $443 million to a deficit $213 million). On the *budgetary basis*, there was a $356 million fund balance at June 30, 1998 compared to a $45 million balance at June 30, 1997, a $311 million improvement.

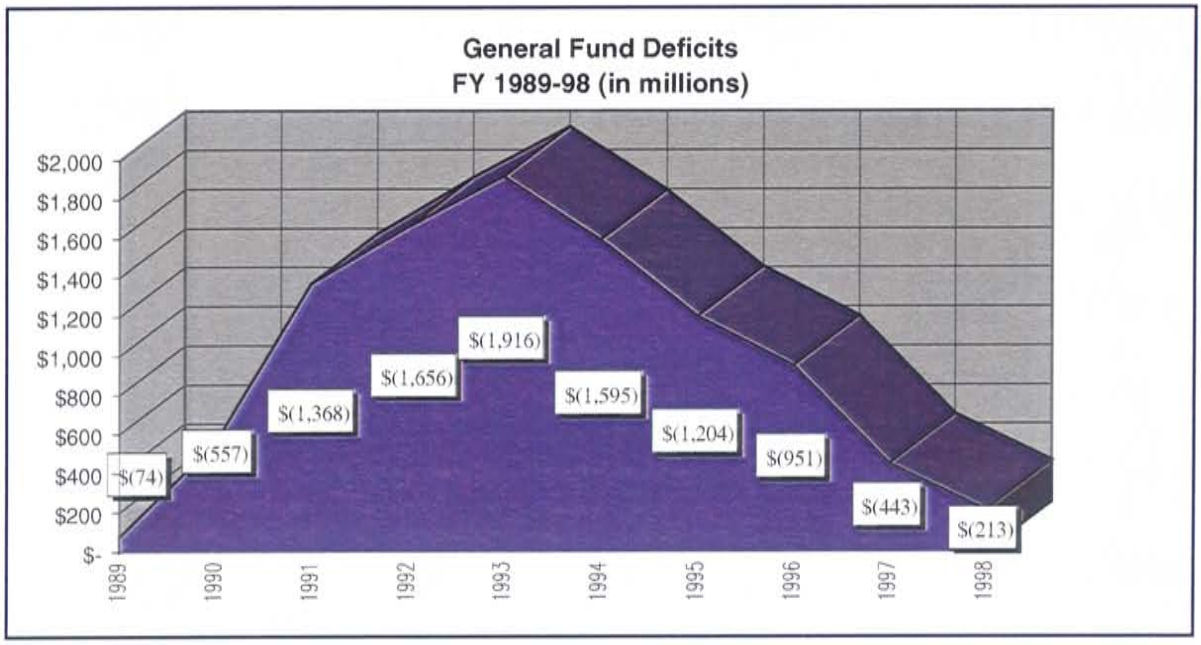
The *undesignated* fund deficit on a GAAP basis also decreased by $229 million from a deficit of $596 million to a deficit of $367 million. Revenues and transfers-in exceeded expenditures and transfers-out in the General Fund by $230 million in fiscal year 1998.

The General Fund's continued improvement is reflected by the assets increasing by 22% from fiscal year 1997 to 1998, including higher cash, taxes receivable, intergovernmental receivable and other receivable balances. The State's payables and other liabilities increased by 12% for the same period. Also, General Fund revenues increased by $1.1 billion (6%) while expenditures increased $1.2 billion (7%). Increased income, sales, and other taxes in a healthy economy kept pace with expenditures during fiscal year 1998.

	Fund Balance (deficit) at June 30	**Undesignated Fund (deficit) at June 30	Excess (deficiency) of revenues over (under) expenditures and net other financing sources (uses) for the year ended June 30
1989	(74)	(256)	281
1990*	(557)	(745)	(482)
1991	(1,368)	(1,537)	(806)
1992	(1,656)	(1,825)	(306)
1993	(1,916)	(2,060)	(260)
1994	(1,595)	(1,731)	321
1995	(1,204)	(1,404)	388
1996	(951)	(1,130)	252
1997*	(443)	(596)	508
1998	(213)	(367)	230

* As restated

** The amount in the fund balance available (unavailable) for appropriation.



Expendable Trust Funds

Total revenues for the State's expendable trust funds decreased $33 million (2%) from $1.348 billion in fiscal year 1997 to $1.315 billion in fiscal year 1998. Total expenditures decreased $122 million (10%) from $1.266 billion in 1997 to $1.144 billion in 1998.

By far the largest expendable trust fund is the State Unemployment Compensation Trust Fund ("Trust Fund"). The unemployment insurance ("UI") system is a joint state-federal program designed to provide cash assistance to involuntarily unemployed workers regardless of need. During fiscal year 1998, the UI system provided 5.1 million weeks of benefits to laid off workers at an average weekly stipend for recipients of regular benefits of $222. The State is responsible for determining benefit levels and eligibility criteria, and for setting State UI tax levels sufficient to pay the benefits. The federal government provides all administrative funding and mandates minimal coverage requirements. A separate federal unemployment tax is assessed by the federal government to finance these

administrative costs, provide a source of funds for states to borrow against during periods of high unemployment, and to pay the federal share of extended and emergency unemployment benefits.

Because of the solvency problems experienced with the Trust Fund in the late 1970's and early 1980's, the members of the General Assembly have worked closely with leaders of Illinois' labor and business communities to ensure the solvency of the fund for its workers while guarding against rapid growth of taxes on the employer community. In 1987 and again in 1992, business, government, and labor set out to revisit the issues surrounding the administration of the UI system. In 1992, most of the language from the landmark 1987 legislation was carried forward. Illinois employers will have realized tax savings of nearly $343 million over the life of the new agreement, while benefits to unemployed workers will steadily increase.

Current year revenues exceeded expenditures by $172 million and the fund continues to be in a fiscally sound position, as demonstrated by its $2.2 billion fund balance at June 30, 1998. The fiscal health of the fund has been so good that legislation was signed into law in February 1996 that reduced the minimum tax rate to .5% from .6% and the maximum rate to 6.8% from 8.2%.

Investment Trust Funds

As part of the implementation of GASB Statement 31 two funds were reclassified to Investment Trust funds (see Note 3). This new fund type accounts for transactions, assets, liabilities and fund balances reserved for pool participants for depositors that are not part of the State's financial reporting entity. The State has two Investment Trust Funds: the Illinois Public Treasurers' Investment Pool and the Deferred Lottery Prize Winners Trust Fund. During fiscal year 1998, the Illinois Public Treasurers' Investment Pool recorded $568.3 million of participants' deposits, $121.7 million of net investment income and distributions to pool investors of $121.7 million. The Deferred Lottery Prize Winners Trust Fund recorded investment income of $207.9 million and participants' withdrawals of $101.8 million.

Proprietary Funds

Proprietary funds are the State's "business-type" activities and include enterprise and internal service funds. Combined operating revenues for the State's enterprise funds were $1.880 billion in fiscal year 1998 decreasing $10 million (less than 1%) from fiscal year 1997. Combined operating expenses were $1.365 billion, up $78 million (6%) from fiscal year 1997. Noteworthy expense increases occurred at the Department of Insurance, Special Deputy Receiver (General and Administrative expenses increased $36 million), State Lottery (Prizes and claims increased $15 million), Department of Central Management Services (Local Government Health Insurance Reserve Fund and Teachers Health Insurance Security Fund benefit payments increased $25 million).

The State's internal service funds, which provide data processing, motor pool vehicles, telephone communications, printing services, self insurance and other services to State agencies, operated on a profitable basis for fiscal year 1998. Combined internal service funds revenues and expenses for fiscal year 1998 were $1.005 million and $813 million, respectively. This represents an increase of $134 million (15%) in revenues and an increase of $151 million (23%) in expenses from fiscal year 1997 to 1998. The increases in both revenues and expenses are primarily attributable to the Health Insurance Reserve Fund which experienced larger revenues (charges for sales and services increased $150 million) and larger claims (benefit payments were up $134 million).

Component Units

Universities and Colleges. Illinois operates a comprehensive program of higher education, including nine State universities and support for a statewide network of 49 community colleges, 103 private, not-for-profit institutions, 20 proprietary institutions, and a student financial assistance program. During fiscal year 1998, university and college expenditures increased $205 million (5%) over 1997. General Fund financial support to the State's universities increased by 5.7%, to $1.303 billion, from fiscal year 1997 to fiscal year 1998. The support includes education and general

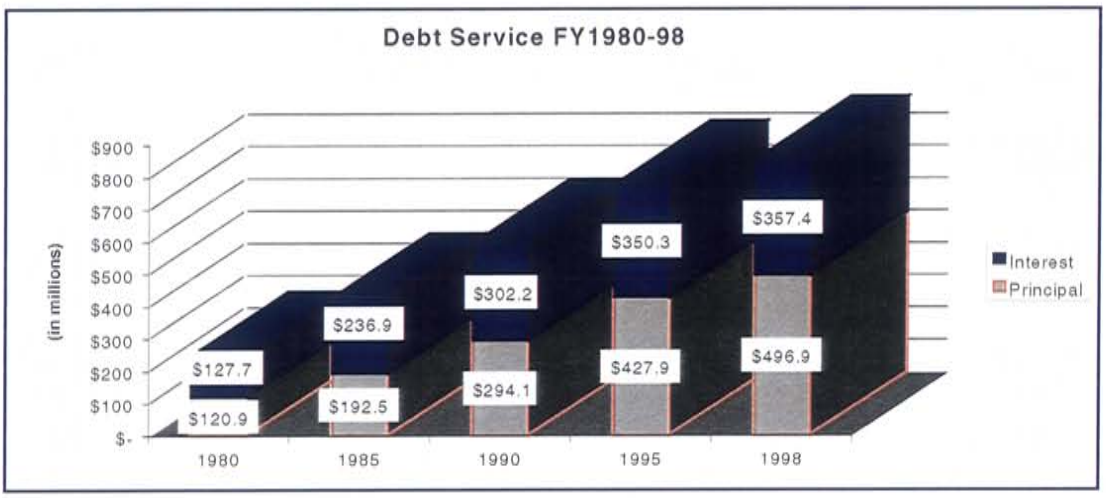
support from the general revenue and education assistance accounts of the general fund as well as general revenue account payments made to the Universities Retirement System for payments on behalf of the nine State public universities.

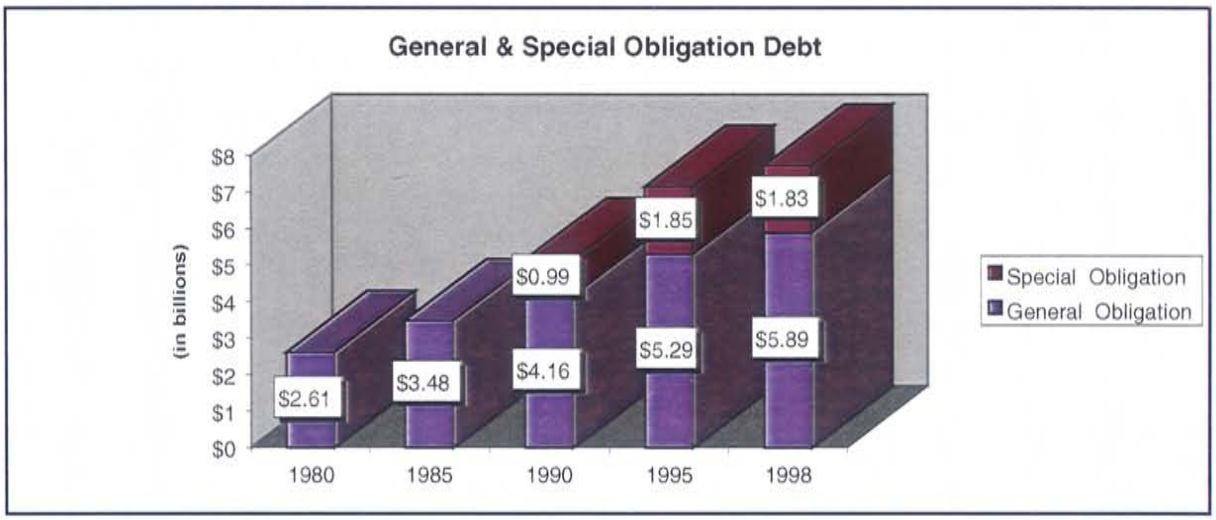
Proprietary. Certain business-type activities that are not a part of the primary government are included as component units. The largest proprietary component units in terms of assets are the Illinois Toll Highway Authority and the Illinois Housing Development Authority. Combined proprietary fund component unit operating revenues and expenses for the current fiscal year were $657 million and $538 million, respectively. This compares to revenues of $631 million and expenses of $530 million for fiscal year 1997.

Debt Administration

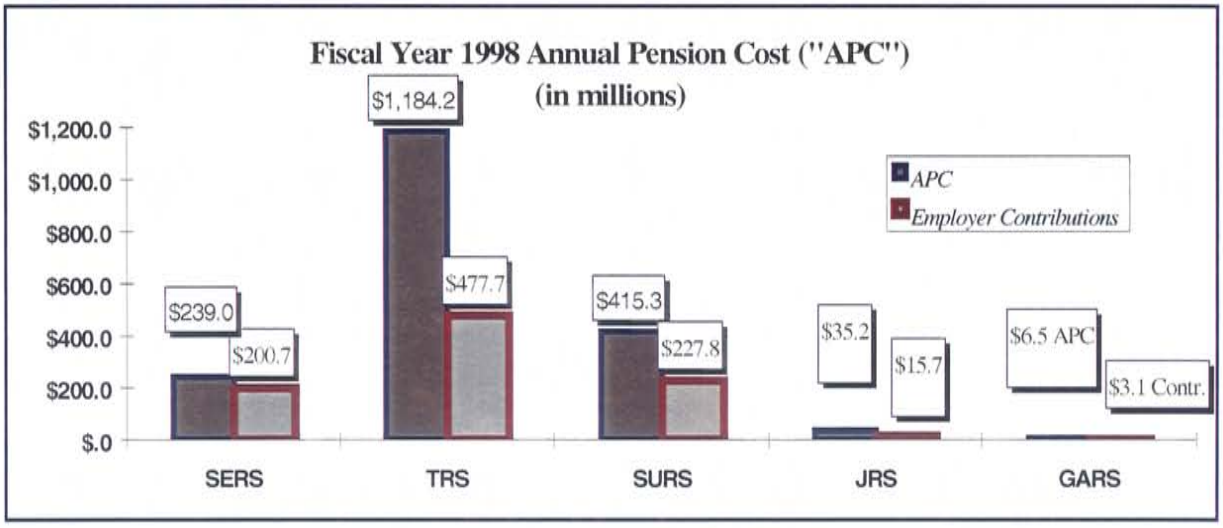
During June 1998, the Illinois general obligation bond rating was increased from "Aa3" to "Aa2" by Moody's Investors Service. Also, during June 1998, Standard & Poor's Corporation ("S & P") rating was increased to "AA" from "AA-". The higher bond ratings can be attributed to the State's improved financial condition. Special obligation bond ratings remained the same, ranging from "AAA" by S & P for Build Illinois bonds to "A1" by Moody's for Civic Center bonds. Among the states, Illinois is a moderate debt state with outstanding general and special obligation bonds at June 30, 1998 totaling $7.718 billion. Bonds have been issued primarily to provide funds for acquisition and construction of capital facilities for higher education, public and mental health, correction and conservation purposes, and for maintenance and construction of highway and waterway facilities. Bonds also have been issued to provide assistance to municipalities for construction of sewage treatment facilities, port districts, aquarium facilities, local schools, mass transportation and aviation purposes, and to fund research and development of coal and alternative energy sources.

General and special obligation bonds aggregating $718.3 million and $183.1 million, respectively, were issued during fiscal year 1998 at average interest rates ranging from 4.8% to 5.1%. During fiscal year 1997, general and special obligation bonds totaling $435 million and $60 million, respectively, were issued at average rates ranging from 5.1% to 5.7%. Debt service principal and interest costs of $496.9 million and $357.4 million, respectively were paid in fiscal year 1998. The dramatic increase since fiscal year 1980 is displayed in the following chart.





In addition to general and special obligation bonds, Illinois has $4.923 billion of revenue bonds, $102.1 million of notes payable and $1.586 billion of other long-term obligations outstanding as of June 30, 1998.



Retirement Systems

Total net assets of the State's five pension trust funds, on a "fair value" basis, aggregated $37.2 billion at June 30, 1998, an increase of $5 billion (16%) from the previous year. During fiscal year 1997, the State adopted GASB Statement 27, *Accounting for Pensions by State and Local Governmental Employers.* The statement requires, among other things, that assets be valued at *fair value.*

The $5 billion increase in net assets can be explained by three accounts. Investments (at fair value) grew by 6.4 billion. $4.3 billion of the growth represented net appreciation in fair value and $2 billion represented new purchases of investments. The large investment increase was offset by $208 million more accounts payable with most of the growth at Teachers' Retirement System (TRS). In addition, other liabilities increased by $1.2 billion, which was attributable

to growth at TRS and Universities Retirement System. Other liabilities generally relate to securities lending transactions.

Statement 27 focuses the reader of the State's CAFR on annual pension cost ("APC") in accordance with certain accounting parameters as compared to the amount contributed. The State retirement systems were underfunded by $955.3 million during fiscal year 1998 and this amount has been added to the NPO in the General Long-Term Obligations Account Group (See preceding chart). Of the 955.3 million, $706.6 million occurred at TRS where the APC was calculated to be $1.2 billion and employer contributions were 477.7 million.

During fiscal year 1998, all of the State systems were funded in accordance with the *statutory funding* requirement. The new law enacted in fiscal year 1996 provides for a 50-year funding plan with a 15 year phase-in and a "continuing appropriation." The continuing appropriation provides the Comptroller's Office with the authority to automatically provide funding to the pension systems based on actuarial cost requirements and amortization of the unfunded liability without being subject to the General Assembly's appropriation process. However, the State's 50-year funding plan does *not* meet the more stringent 40-year minimum amortization "parameters" required to be reported in the State's financial statements in accordance with GASB Statement 27.

Risk Management

The State's risk management program encompasses a wide range of State government activities. Generally, the State has elected to retain most exposures to risk, with only limited purchase of commercial insurance. Among the exceptions are coverage for real property at the James R. Thompson Center in Chicago, the State Retirement Systems building, and the Regional State Office complex in Collinsville. Limited commercial coverage for personal property includes a small portion of the State's fleet of motor vehicles, certain telecommunications equipment, the fixed and rotary wing aircraft fleet, some State watercraft, selected items of electronic data processing equipment, a portion of the State's collection of fine art, as well as a small number of other property and liability exposures.

The State retains workers' compensation and auto liability exposures, including claims management. Other major retained risks include employee fidelity and surety, as well as general liability. The State's risk management program also includes legal representation and indemnification of employees sued for violation of civil and constitutional rights and other tort liabilities while acting in an official capacity.

MAJOR INITIATIVES

For the Year. Major initiatives for the year generally reflect the priorities set in the budgetary process. Education reform, truth in budgeting, and electricity deregulation were some of the "initiatives" mandated by the General Assembly for fiscal year 1998. Other initiatives are less visible but are nonetheless important to state government. Some initiatives undertaken by the State are discussed below.

Service Efforts and Accomplishments ("SEA")

As mentioned in my introductory letter to the people of the State of Illinois, one of the financial reporting areas in need of improvement is measuring the performance by the government. One of my continuing initiatives is to explore the value of SEA in financial reporting and set the stage for the future of SEA. The final section of this transmittal letter provides a description of the near-term goals, the Fiscal Year 1998 SEA Report and an agenda for the future regarding SEA. A section in the statistical and economic section also presents individual agency illustrations of FY 1998 SEA performance data.

Statewide Accounting Management System ("SAMS")

SAMS replaced the Comptroller's Uniform Statewide Accounting System ("CUSAS") on July 1, 1997. During the initial year, agencies began to see additional changes as the Comptroller's Office

took full advantage of the capabilities of the new system. Some of these capabilities have included direct external agency links to the Information Warehouse, on-line entry of obligations by external agencies, collection of information for CAFR preparation through the internet and expansion of EFT payments.

Truth in Budgeting

Public Act 90-479, effective August 17, 1997, requires budgets to be presented in accordance with generally accepted accounting principles ("GAAP") for governments for the General Revenue, Common School, Education Assistance, Road, Motor Fuel Tax and Agriculture Premium Funds. The act requires that for the above funds, the General Assembly shall not enact appropriations that exceed the resources estimated to be available on a "GAAP basis."

The fiscal year 1999 budget proposal succeeded in outlining a plan that meets the letter of the Truth in Budgeting Act. However, the budget presentation continued the past practice of combining the General Revenue, Common School and Education Assistance Funds into the General Funds Group which concealed a budgetary deficit in both the Common School Fund and Education Assistance Fund. The presentation also goes through the formality of reconciling revenues collected after the end of the fiscal year with certain obligations, but indicates that absolutely nothing will change in any of those calculations.

Receivables Reporting

The Comptroller's Office has reported gross receivables of $7.6 billion at June 30, 1998, for *statutory compliance reporting*. Of that amount, nearly $2.6 billion (34%) was estimated as uncollectible. Of the net receivable ($5.0 billion), $2.9 billion is over 180 days past due. Net receivables for the total reporting entity for *GAAP reporting* totaled $8.8 billion. The difference is because the measurement focus and basis of accounting differ for statutory and GAAP receivables reporting.

The Comptroller's Office continues to put in place measures to help reduce the financing of "deadbeats" who are indebted to the State. One of those measures took effect on January 1, 1998. All debts that exceed $1,000 and are more than 90 days past due are required to be placed in the Comptroller's Offset System. The old requirement was only for debts that exceeded $1,000 and were more than 1 year past due. The new legislation will enable the Comptroller's Office to intercept tax refunds and other payments that may otherwise be paid to deadbeats. Having the debtors in the Offset system on a more timely basis means more revenue to finance worthwhile State projects.

Deregulation of Electricity

On December 16, 1997 the Governor signed the *Electric Service Customer Choice and Rate Relief Law of 1997*. This legislation will bring competition to the electric industry and have a major, long-term impact on residents and businesses. While there are safeguards in place to ensure that consumers continue to receive safe, reliable and affordable electric service, the dramatic changes ahead will forever alter the landscape of the electric services market.

Education Reform

On December 4, 1997 a special session of the General Assembly passed extensive education reform measures. Public Act 90-548 contained substantive reforms on school funding measures, including the establishment of per pupil foundation levels and a new infrastructure program.

Foundation levels of spending per student are considered to be the necessary amount of financial support for a student to receive an adequate elementary and secondary education. For fiscal year 1998, supplemental appropriations brought districts up to a foundation level of $4,100 per student. The level will increase to $4,325 in fiscal year 2000 and $4,425 for fiscal year 2001. In subsequent years, the General Assembly will determine the appropriate foundation level with advice from a newly created Funding Advisory Board.

The important elements of the infrastructure program include a technology loan program, a bonding program for school construction, and debt service grants. Revenue for these programs will come from two sources. Revenue will be received from the sale of state general obligation bonds. Authorized bond sales of $1.1 billion will support the construction and debt service grants. Secondly, the infrastructure program will receive one-half of the new revenue generated from the increase in the telecommunications tax.

For the Future. Statewide accounting changes, a new budget, income tax reform, and surplus funds are some of the areas where future initiatives are anticipated. These future initiatives are discussed below.

Year 2000

The Year 2000 is a common issue all organizations (including the State) must address related to their computer systems. As a space saving convention, most computer systems have been developed using a two digit fiscal year. When the year 2000 arrives, these systems will not be able to accommodate the four positions needed to specify the new millennium. The cost for the State to convert 85 separate accounting and information systems is astronomical and it becomes more expensive as time progresses. Public Act 90-666 (effective July 30, 1998) created a Year 2000 Task Force composed of various State and local officials and seven mission critical State agencies to help address the issue.

Fiscal Year 1999 Budget

On May 23, 1998, the General Assembly approved a $38 billion fiscal year 1999 budget which the Governor has signed. One highlight is tax relief for businesses and individuals (see *Income Tax Changes* below). The new budget also provides for expansion of the State's Circuit Breaker Program which provides cash grants to the elderly to help offset property taxes and pay for medication. Another aspect of the budget is the implementation of the second phase of the Kid Care Program which provides health insurance coverage for children of the working poor.

Income Tax Changes

The General Assembly passed House Bill 2363 which raises the standard income tax exemption and changes the formula for computing tax liability for multi-state businesses operating in Illinois.

The standard exemption for individual taxpayers and their dependents will increase for the first time since the State income tax was imposed in 1969. Under the legislation, the standard exemption will increase to $1,300 for income earned during 1998, $1,650 for 1999 income and $2,000 for 2000 income. The Department of Revenue estimates that State revenues will be reduced $96 million from income earned in calendar 1998. When fully implemented, the estimated annual reduction in revenues will be $326 million.

After a three year transition period, multi-state businesses will determine their allocation of income using one factor, the share of corporate sales in Illinois. Before passage of the new law a three factor formula was used.

Rainy Day Fund Proposal

Legislation continues to be introduced in the General Assembly to create a Rainy Day Fund. This fund would allow State government to hold funds in reserve, with the specific use being to address a fiscal emergency during an economic downturn. Now would appear to be an opportune time to pass such a law with the State's strong revenues and restrained spending. Such a fund would improve the State's bond rating (lack of a rainy day fund has been cited by the bond rating houses as a factor in the State's bond rating) and provide for smooth State cash management during cyclical highs and lows.

ECONOMIC AND FISCAL OUTLOOK

ECONOMIC OUTLOOK

Economic problems in Asia, Russia, and portions of Latin America have started to affect Illinois industries whose products are sold on world markets or who face low priced Asian competitors. On the other hand, a strong domestic economy allows sectors that are shielded from foreign markets to continue to prosper.

Illinois came out of the economic crisis of the 1980's with many innovative aggressive businesses capable of dealing with adverse economic conditions. The current world crisis is creating new challenges that will test the resilience of the Illinois economy. The recent success of the Illinois economy is apparent with a 661,000 or 12.8% increase in jobs since fiscal year 1989 and a 4.6% average unemployment rate for fiscal year 1998, the second consecutive year Illinois unemployment has averaged below 5%.

Home to such major exporters as Caterpillar, Motorola, and Abbott Labs, Illinois merchandise exports totaled $34.2 billion during 1997 - fifth highest among the states. Illinois exports were up 6.2% in calendar 1997 and up 68.2% between 1993 and 1997. Nationally, the value of exports was up 47.9% during the period.

Manufacturing exports are led by industrial machinery and computers accounting for 26.5% of exports in 1997 followed by electric and electronic equipment accounting for 20.1%. The next four largest manufacturing export sectors were chemical products (12.6%), transportation equipment (7.8%), food products (5.5%), and scientific and measuring instruments (4.6%).

Illinois ranked third in agricultural export sales in 1997 with total agricultural exports valued at $3.7 billion. Specialization in corn and soybean production is reflected in Illinois' rank as the second largest exporter of each crop. Depressed commodity prices, due in large part to dwindling demand from East Asia, are putting financial stress on the Illinois farm sector. After a few good years, farmers should be able to withstand this year's low prices, but some could falter if there is no future revival of weak product prices.

Illinois' success in the competitive world market has been based on technical expertise and a strong resource base rather than low labor costs as the State has maintained its position as one of the country's wealthiest states. Illinois per capita income during fiscal year 1998 stood at $28,609, 10.3% or $2,674 greater than the national average.

The Illinois economy takes advantage of its many natural strengths. During 1997 the State was the second largest producer of corn and soybeans and the fourth largest producer of hogs. Illinois agri-business has developed to add value to these products. Illinois is the number one ethanol producer among the states. With such major Illinois companies as Archer Daniels Midland and A.E. Staley (both headquartered in Decatur, the soybean capital of the world), Illinois produces a wide variety of specialized products based on corn and soybeans.

Illinois continues to be home to major producers of heavy equipment. Examples include agricultural equipment (such as the Deere plants in the Quad Cities), construction equipment (Caterpillar, which is based in Peoria and is the world's largest earth moving equipment company), and machine tools (a specialty of the Rockford area). Although manufacturing payrolls have been trimmed in recent years, an average of 979,000 Illinoisans held manufacturing jobs during fiscal year 1998. The Asian economic turmoil has indirectly had an adverse effect on Illinois steel and farm machinery industries. Surging low priced steel imports have put the domestic steel industry at a serious disadvantage, while a first reaction of farmers to low prices has been decreased equipment purchases.

Illinois' central location makes it the logical transportation hub for the nation. Illinois is home to O'Hare airport, the nation's largest, and an excellent highway and railroad network. The low distribution costs from basing an operation in Illinois allow for the continued generation of new jobs in transportation and merchandising. During fiscal year 1998, 340,000 Illinoisans were employed in the transportation, communications, and public utilities sector, while 1.3 million were employed in wholesale and retail trade.

The State's role as the central distribution point for agricultural commodities allowed it to develop the world's leading futures market. Illinois continues to be a national leader in financial industries such as banking, derivatives trading, and insurance and is corporate headquarters for many of the country's leading companies. During fiscal year 1998, finance, insurance, and real estate employed an average of 405,000 Illinoisans. As home to 41 of the Fortune 500 companies, Illinois ranked third among the states, trailing only New York and California. A new wave of super mergers, as companies seek to increase their size in response to competitive pressures, is impacting some of Illinois' largest firms such as Amoco and Ameritech.

Illinois' reputation for research and technical innovation is well founded. Illinois is home to major government research laboratories such as the Argonne National Laboratory and the Fermi National Accelerator Lab, major private research labs such as those operated by Amoco Oil and Tellabs, major private universities including Northwestern University and the University of Chicago, and the state's network of nine public universities including the University of Illinois home of the Beckman Institute. The brainpower generated from these institutions continues to make Illinois a major center for technological advancement and a logical location for the production of advanced products.

Forecast for the Future

The most recent economic forecast for the Illinois economy prepared by the consulting firm of DRI/McGraw-Hill sees Illinois employment growth being constrained by Asia's economic problems and a slowdown in the domestic economy over the next five years. Illinois employment is forecast to increase at a 0.7% annual rate between 1998 and 2003. DRI notes that the strengths of the Illinois economy are its diversified economy including high technology clusters, its role as the regional center for trade and exports, and its skilled labor force.

The longer term forecast expects continued growth in the Illinois economy, particularly in the service and trade sectors. Between 1998 and 2015, Illinois is expected to add 549,000 jobs, a 9.4% increase. Most of these new jobs are expected to be in services where employment is forecast to increase by 469,000 jobs or 27.0%. In contrast, continued automation of production processes is expected to cause manufacturing employment to decline by 112,000 jobs or 11.5% over the next seventeen years.

The long term forecast is vulnerable to unexpected economic fluctuations. Traditionally, the Illinois economy, with its emphasis on durable manufacturing, has been extremely sensitive to the business cycle. However, the increased emphasis on services and finance in the Illinois economy and better control over inventories by manufacturers are likely to reduce the impact of economic downturns on Illinois.

Long-Term Demographic Trends

The steady increase in the Illinois population is expected to continue into the twenty-first century. Illinois Bureau of the Budget estimates released in 1997 predict that the Illinois population will

increase from 11.4 million in 1990 to 13.3 million in 2020.

As the baby boom generation ages, there is expected to be a shift in the age distribution of the Illinois population that may have an impact on the types of services demanded from state government. In 1990, 39.8% of the Illinois population was in the 20-44 age group and 18.7% was in the 45-64 age group. In 2020, the portion in the 20-44 bracket is expected to decline to 37.1% with the 45-64 share increasing to 22.0%. As the baby boom reaches age 65 after 2015, the population will age fairly quickly and a significant increase in the proportion of elderly is expected.

FISCAL OUTLOOK

For the fifth consecutive year the State's General Fund GAAP balance improved, from a $443 million deficit in 1997 to a $213 million deficit in 1998. This $230 million growth is about half of last year's improvement. Fiscal year 1998 also marked the sixth straight improvement in the State's General Funds budgetary balance (measured on a cash basis) as the balance rose from a $45 million *surplus* in fiscal year 1997 to a $356 million *surplus* in 1998--the second positive budgetary balance in a row.

The GAAP and cash basis improvements were due to the continued strength of the economy. Illinois' General Funds saw an increase of $1.130 billion or 6.0% in revenue for fiscal year 1998. This revenue growth was the third highest on record and offset an increase in Section 25 liabilities payable out of future year appropriations.

Those involved in evaluating the fiscal health of governments generally believe that the ability to maintain working balances in the range of 4%-5% of annual budgetary expenditures indicates a strong fiscal position. As evident in the chart below, the State's General Funds end-of-month balance in June ($1.202 billion) was over the 4% threshold for the second year in a row.

While there have been improvements across a broad spectrum over the last several years, the fact that Illinois still has a GAAP deficit suggests that there is room for improvement. But in order to continue to improve its fiscal health, the State faces several challenges. To keep balances at acceptable levels and payment cycles under control, resources must continue to be directed to these purposes. The ability to allocate resources will be constrained on the one hand by revenue growth and on the other hand by competing budgetary needs.

Since revenue growth will mirror the strength of the economy, the record revenue growth of the past few years is not likely to be repeated. While revenues are estimated to increase $1.4 billion for fiscal year 1999, much of the growth will be due to one-time enhancements such as the annualization of last year's restructuring of riverboat taxes and insurance taxes. Current economic forecasts are predicting a slowing in economic growth over the next few years.

On the spending side of the budget, fiscal improvements will be competing with the needs of programs such as education and those administered by the Departments of Human Services, Corrections, Children and Family Services, and Public Aid. One area that bears close watching is the growth of medical costs and the deferral of those costs to future years.

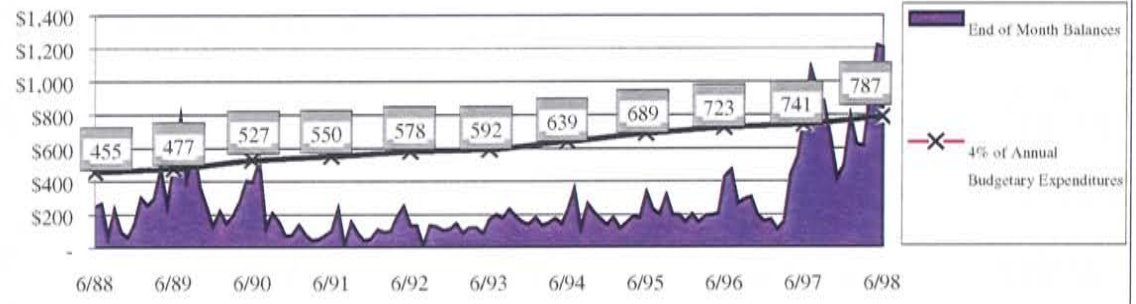
After falling dramatically over the last three years, Section 25 General Fund liabilities payable out of future year appropriations grew by $151 million last year. This included a $113 million *increase* under the State's Medicaid program, and a $38 million *increase* under the group health insurance program for employees, retirees, and their dependents administered by the Department of Central Management Services.

While it appears that Section 25 deferred liabilities are still largely under control, continued efforts will be required to keep deferrals from again becoming a budgetary black hole. This is especially applicable to the Medicaid program.

The size, scope and demographics of Medicaid are not static but are driven by several dynamic factors. New and beneficial advancements in medicine are often extremely costly. The aging of the population in general, and in Illinois in particular, means that one of the fastest growing and most expensive to treat segments of the population will exert an even stronger influence on the demand for health care. In addition, current estimates are forecasting an increase in the growth of medical costs over the next few years.

Future budgets will also have to address other long-term issues as well, particularly legislated increases in funding for pensions and education. In the past, fiscal problems occurred when revenue growth slowed and spending pressures remained. Now attention must be focused on lessons learned and on maintaining budget discipline.

Comparison of General Funds Cash Balances and 4% of Annual Budgetary Expenditures (in millions)



Service Efforts and Accomplishments (SEA)

Background

One of the Comptroller's priorities has been improving the amount and quality of information on the performance of State government. A part of this goal was the introduction of service efforts and accomplishments (SEA) reporting last year in the State's FY 1997 financial reports. SEA reporting improves financial reports by linking information on the performance of government programs and services with financial data. Its purpose is to shed some light on the results of government spending.

Performance management and reporting remains one of the highest priorities in the lexicon of public administration today, and state and local governments throughout the nation continue to devote ever greater attention to the subject. However, the impetus for linking performance measurement with financial reporting is the Governmental Accounting Standards Board (GASB). GASB establishes standards for state and local government financial reporting. As part of its SEA initiative, GASB is encouraging and promoting broad-scale experimentation prior to issuing SEA reporting standards. In April 1997 GASB designated Illinois an official 'experimentation site' for SEA reporting.

This Office's purpose last year was simply to introduce and illustrate various aspects of SEA reporting. Following the release of last year's report, the Comptroller's Office surveyed a broad range of interests for their perceptions on SEA information and reporting. Respondents provided some predictable, some surprising, and even some

contradictory opinions. Among the major ones were:

- To some extent or better, all respondents reported that SEA information was important, served accountability, and added value.

- Most respondents preferred some combination of methods for presenting SEA information.

- Several commented that the narrative material was too long, did not provide conclusions, or lacked sufficient explanation; others thought the narrative was the best part. The general sense was that narrative material is important, can say something of value, and yet be concise.

- Geographic comparisons within the same jurisdiction seemed to be of least interest or value.

- The major issue cited by most respondents was the reliability and verifiability of the performance data and systems; following closely were the need for some performance standards or benchmarks, the importance and difficulty of developing outcome measures, and comparability between jurisdictions.

- Most respondents preferred to see SEA information on major government functions as part of financial reports, while reporting periodically throughout the year had the least support.

Near-Term Goals

Illinois' experiment in SEA reporting is continuing, and within the framework of this experimentation, the Comptroller's Office has three primary and complementary short-term goals for this project:

- ❒ 'Institutionalization' of SEA reporting;

- ❒ Greater integration of financial and SEA information; and

- ❒ Broader coverage of SEA reporting.

Toward these ends, the Comptroller's Office this past summer issued *Procedure Bulletin No. 47, Service Efforts and Accomplishments Reporting*, as part of the Statewide Accounting Management System (SAMS) Manual. This is a general procedure on SEA reporting, applicable to all state agencies required to meet State Comptroller reporting requirements.

There already exist performance management and reporting provisions, requirements, or expectations in Illinois state statutes. Examples are the Civil Administrative Code, which requires annual accountability reports based on criteria, goals, and objectives established by agencies, and the Fiscal Control and Internal Auditing Act, which requires the necessary information to substantiate the effectiveness and efficiency of State agency operations. The plan of the Comptroller's Office was to capitalize on these existing provisions and requirements for SEA reporting this year, while building upon, clarifying, and strengthening them over the longer-term. The most important point worth noting here is that these actions moved last year's very informal, voluntary participation to a more formal reporting requirement applicable to all State agencies.

The Fiscal Year 1998 SEA Report

As was the case last year, SEA information on individual agencies is included in a separate section at the back of this report. This introduction makes some general comments and observations about this year's SEA report in terms of the overall process or considerations generally applicable to all reporting agencies.

- As part of the objective to broaden the coverage of SEA reporting, this year's report includes some SEA information for each of the GAAP expenditure functions. Although the aim was to include the major agencies or programs within each function, some smaller programs or agencies were included where they represented especially good examples of SEA reporting.

- For various reasons (e.g., limited measures, very small reporting entities, etc.) this report does not include SEA information from all of the agencies that reported. Higher education serves as an example. While most universities provided SEA information, the indicators differed among institutions. For comparison purposes, the higher education section in this report includes both aggregate data on the higher education system, as well as one particularly good example of a more detailed, individual institutional report submitted by Southern Illinois University.

- Individual agency reports include editorial guidance to help the reader understand the SEA information reported by those agencies. These include observations on the comprehensiveness of the information, the adequacy of performance indicators used by agencies, issues or problems with the performance data reported, and what the reported information may or may not say about the performance of government.

- This Office believes SEA reporting is an evolutionary initiative that should be a learning experience for all involved. One survey respondent specifically suggested that this Office provide evaluative commentary on performance. In the context of the annual report, the Comptroller's Office believes its proper role is to gather and report information that may shed light on the performance of government. Evaluative judgments and conclusions about the adequacy or sufficiency of that performance are the responsibility of the report's users.

- Except for specific instances that may have required clarification, there has been no effort or attempt to verify or reconcile reported expenditures or performance data, and there is no representation to the contrary. Neither has any of the reported performance data been audited, nor does it fall within the scope of the audit opinion. The information provided is that reported or submitted by each agency, unless explicitly noted otherwise. The verifiability and reliability of reported performance data remains a longer-term challenge, which is discussed further in the section immediately following.

- This year's format has been somewhat standardized and simplified. In an effort to balance the amount of detail provided without compromising understandability, each agency report includes a basic, concise narrative and one or more data pages designed to generally familiarize readers -- most of whom will not be users of an agency's services -- with various programs, efforts, services, and accomplishments.

Agenda for the Future

The Comptroller's Office remains committed to meaningful, practical, and useful SEA reporting. An inability or unwillingness on government's part to voluntarily provide information on the overall performance of its programs and services is an implicit acknowledgment of government's inability or unwillingness to say anything meaningful about its spending. But SEA reporting is still experimental, and some approaches will prove to be more promising and fruitful than others. Within this broad experimentation, however, there remain a number of issues to be resolved and various possible approaches to resolving them.

■ ***Performance reporting policy must focus more on the goals and objectives of government programs and services.*** Lack of clear thinking about goals and objectives results in poor or ineffective performance information. A recent General Accounting Office report cited vague and meaningless statements of missions and goals as a major reason why federal agencies have difficulty defining successful performance. Performance reporting must emphasize what government is trying to accomplish as opposed to what government merely does. There is a difference between the two, and that difference is critical in assessing the impact of government spending.

■ ***SEA reporting will require at least minimal reporting standards.*** This year's report relies largely on information readily available to reporting agencies. And although this may suffice for purposes of experimentation, performance reporting that lacks the necessary thinking, planning, and development may be less than adequate. A number of agencies expressed support for SEA reporting and a willingness to work with the Comptroller's Office in improving performance information. Reporting standards, which are presently lacking, would establish the basic rules governing performance reporting and should address many of the outstanding issues. State agencies, as well as various users and interest groups, should play an appropriate role in defining and shaping such standards. Additionally, a number of survey respondents indicated they would be willing to serve in some advisory capacity to the project.

■ ***Many agency budget and accounting systems cannot generate the necessary performance information as presently structured.*** Measuring efficiency and cost-effectiveness means agencies must be able to bring together the appropriate cost and service information. This includes the capability of identifying costs and evaluating benefits at the activity level. Given the nature of state budgeting and the multiplicity of agency accounting systems, the allocation of costs among various activities remains a challenge. One survey respondent stated flatly that programs with goals to save taxpayers money should be able to "clearly state how much money was actually saved by implementing the program." Without accurate cost information at the activity level, however, the necessary data for measuring efficiency, cost-effectiveness, or cost savings is either unavailable at worst or questionable at best.

■ ***There is a need to rationalize the overall institutional and programmatic framework for SEA reporting.*** What government operations or entities should be subject to SEA reporting remains a question. This is true in terms of not only how much of state government should be covered, but also what should be included at the individual agency level. There is no assumption that SEA reporting must or even should cover all agencies and programs in every report, and in fact most survey respondents proposed that only major government functions be covered.

■ ***The amount of information provided and frequency of reporting are open questions.*** Too much data and information can be confusing and overwhelming, while too little may be incomplete or insufficient. Some survey respondents expressed a general preference for simpler indicators, data, and narrative information, especially if the audience is the general public. A proper balance would not exclude relevant information because it may be difficult or of no interest to some, nor include information which may be of interest to only a few. The general public is likely to be more interested in outcome and efficiency measures rather than numerous

output and activity measures. A related question is the frequency of SEA reporting. Annual reporting is a problem in terms of both the timeliness and volume of data. Periodic reporting throughout the year is one possible answer. More than one survey respondent suggested SEA reporting every two years (e.g., perhaps in conjunction with the biennial audit), but others observed that information in the annual financial report is already dated and stale. A combination of approaches may provide the most flexibility to respond to a variety of needs and circumstances.

■ ***The validity and reliability of SEA information remains a major issue.*** As already noted, the SEA data in this report has not been audited nor does it fall within the scope of the audit opinion. At present no one is advocating that SEA data be subject to audit, but everyone agrees that the issue of validity and reliability must be addressed in some manner if SEA information is to have any credibility. An established set of measurement and reporting standards would provide benchmarks for reasonably assuring that the performance measurement and reporting process has some integrity, if not the performance data itself. Possible areas of review could be the process for setting goals and objectives and developing performance indicators, the design of the overall performance management system, definitions of performance indicators and data, the methods or formulas for calculating performance measures, the system of internal controls, and the adequacy of documentation.

The above limitations and qualifications notwithstanding, this year's report demonstrates what is possible in SEA reporting and provides a platform for improving both the amount and quality of information available on the performance of Illinois state government.

Independent Audit

The Illinois Auditor General has elected to perform a "department by department" single audit in conformity with the provisions of the *Single Audit Act Amendments of 1996*. Separate departmental financial reports for those State agencies subject to the Single Audit Act Amendments include the schedule of expenditures of federal awards, findings and questioned costs, and the auditor's reports on internal control and compliance with applicable laws and regulations. The Illinois Auditor General has performed an audit of the accompanying general purpose financial statements in accordance with generally accepted auditing standards, and his opinion is presented herein. Readers will note that the opinion is qualified on account of the disclosures concerning the Year 2000 (see Note 21). Such a qualification was unavoidable, but has no impact beyond the note.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting ("Certificate") to the State of Illinois for its comprehensive annual financial report ("CAFR") for the fiscal year ended June 30, 1997. This is the fourteenth consecutive year that the State has received this prestigious award in governmental financial reporting. In order to be awarded a Certificate, the State of Illinois published an easily readable and efficiently organized CAFR whose contents conform to program standards. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate is valid for a period of one year only. We believe our current report continues to conform to the Certificate Program's requirements. I will be submitting this report to the GFOA to determine its eligibility for another certificate.

Acknowledgments

I would like to extend my thanks and appreciation to my financial reporting staff, the Auditor General's Office and all State agencies who submitted timely information during this year's GAAP financial statement process. Your hard work and dedication has resulted in an excellent financial report that we are all proud of. I would like to express my gratitude to each and every one of you for this tremendous cooperative effort.

Sincerely,

Loleta Didrickson
Comptroller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1997

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

Douglas R Ellsworth
President

Jeffrey L. Esser
Executive Director

Illinois State Government

Legislative Branch

- House of Representatives- 118 Representatives
- Senate 59 Senators
- Auditor General William G. Holland
- Secretary of State George H. Ryan
- Treasurer Judy Baar Topinka
- Lieutenant Governor (Vacant)

Legislative Support Agencies

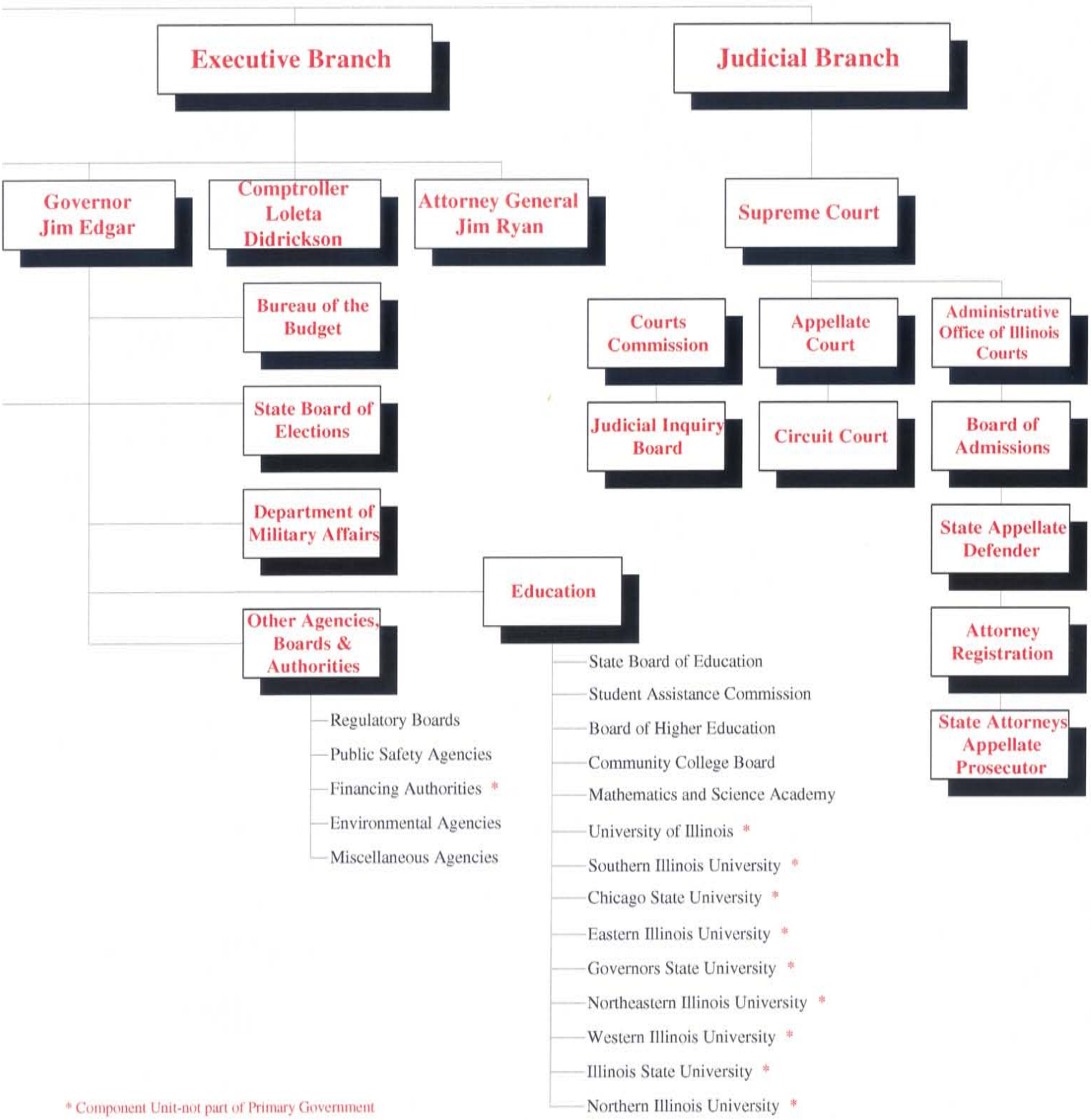
- Joint Committee on Administrative Rules
- Economic and Fiscal Commission
- Commission on Intergovernmental Cooperation
- Legislative Audit Commission
- Legislative Information System
- Legislative Printing Unit
- Legislative Reference Bureau
- Legislative Research Bureau
- Legislative Space Needs Commission
- Pension Laws Commission

Pension Systems

- General Assembly Retirement System
- Judges' Retirement System
- State Employees' Retirement System
- State Universities Retirement System
- Teachers' Retirement System

Civil Administrative Code Departments

- Aging
- Agriculture
- Central Management Services
- Children and Family Services
- Commerce and Community Affairs
- Corrections
- Employment Security
- Financial Institutions
- Human Rights
- Human Services
- Insurance
- Labor
- Lottery
- Natural Resources
- Nuclear Safety
- Professional Regulation
- Public Aid
- Public Health
- Revenue
- State Police
- Transportation
- Veterans' Affairs



* Component Unit-not part of Primary Government

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STATE OF ILLINOIS
WILLIAM G. HOLLAND
AUDITOR GENERAL

Honorable James "Pate" Philip, President of the Senate
Honorable Michael J. Madigan, Speaker of the House
Members of the General Assembly
Honorable Jim Edgar, Governor
Honorable Loleta Didrickson, Comptroller

We have audited the accompanying general-purpose financial statements of the State of Illinois as of and for the year ended June 30, 1998 as listed in the foregoing Table of Contents for Section II. These general-purpose financial statements are the responsibility of the State's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosure of certain matters regarding the year 2000 issue. The State of Illinois has included such disclosures in Note 21. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the State's disclosures with respect to the year 2000 issue made in Note 21. Further, we do not provide assurance that the State of Illinois is or will be year 2000 ready, that the State's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the State does business will be year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, the general-purpose financial statements listed in the foregoing Table of Contents for Section II present fairly, in all material respects, the financial position of the State of Illinois as of June 30, 1998, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended, in conformity with generally accepted accounting principles.

As discussed in Note 3 to the financial statements, the State of Illinois adopted, in Fiscal Year 1998, Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The required schedule of funding progress for pension trust funds, the combining and individual fund and account group financial statements, and budgetary schedules, listed in the Table of Contents for Section II, are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the State of Illinois. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole. The statistical and economic data and service efforts and accomplishments data listed in the Table of Contents for Section III has not been subjected to the auditing procedures applied in the audit of the general-purpose financial statements, and accordingly, we do not express an opinion thereon.

Yours truly,

WILLIAM G. HOLLAND
Auditor General
State of Illinois

Springfield, Illinois
December 31, 1998

GENERAL PURPOSE FINANCIAL STATEMENTS

General Purpose Financial Statements provide a summary overview of the financial position of all funds and account groups and of the operating results by fund type. They also serve as an introduction of the more detailed statements and schedules that follow.

State of Illinois

Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units

June 30, 1998 (Expressed in Thousands)

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Type
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency
ASSETS AND OTHER DEBITS							
Assets:							
Cash and cash equivalents	$ 1,234,801	$ 2,556,505	$ 650,241	$ 398,144	$ 99,021	$ 121,405	$ 3,164,597
Investments	415,174	269	68,061	78	170,506		45,397,531
Receivables, net:							
Taxes	834,949	375,118					332,923
Intergovernmental	708,980	574,907	8	1,485	8,124	531	13,483
Other	179,680	165,527	2,106	1,024	44,690	1,565	896,434
Due from other funds	193,821	313,372			51,885	138,431	34,044
Due from component units	101	678		7,400		3,324	5,520
Due from primary government							
Inventories	32,210	39,488			5,053	13,084	
Prepaid expenses					344	625	
Loans and notes receivable	41,764	690,084	25,500		914,507		
Restricted assets ($192,902 cash equivalents)					301,178	108	
Property, plant and equipment, net					3,887	39,512	21,305
Other assets	18,060	12,103					953,137
Other debits:							
Amount available in debt service funds for:							
Retirement of general obligation bonds							
Retirement of special obligation bonds							
Retirement of other obligations							
Amount to be provided for:							
Retirement of general obligation bonds							
Retirement of special obligation bonds							
Retirement of other obligations							
Pension liabilities							
Total assets and other debits	$ 3,659,540	$ 4,728,051	$ 745,916	$ 408,131	$ 1,599,195	$ 318,585	$ 50,818,974
LIABILITIES, EQUITY AND OTHER CREDITS							
Liabilities:							
Accounts payable and accrued liabilities	$ 2,056,468	$ 445,757	$ 38	$ 43,127	$ 78,978	$ 133,711	$ 1,213,268
Intergovernmental payables	922,702	949,302		776		47	283,552
Due to other funds	414,385	243,246	6	1,158	7,126	4,088	61,544
Due to component units	190,760	11,726	884	290		33	47
Due to primary government							
Deferred revenues	288,374	135,186		5,317	10,919	8,000	3,188
Liabilities payable from restricted assets							
Depository and other liabilities		82	302	300	25,479	48,070	5,604,407
Notes payable					95,954		
Accrued retirement costs							
General obligation bonds payable							
Special obligation bonds payable							
Revenue bonds payable					1,140,103		17,354
Other obligations					74,480	2,685	
Total liabilities	3,872,689	1,785,299	1,230	50,968	1,433,039	196,634	7,183,360
Equity and other credits:							
Contributed capital						19,173	
Investment in fixed assets							
Retained earnings:							
Reserved					117,172		
Unreserved					48,984	102,778	
Fund balances (deficit):							
Reserved for:							
Employees' pension benefits							37,243,492
External investment pool participants							4,199,951
Other	153,847	2,108,673	25,500	295,171			2,169,244
Unreserved:							
Designated			719,186				
Undesignated (deficit)	(366,996)	834,079		61,992			22,927
Total equity (deficit) and other credits	(213,149)	2,942,752	744,686	357,163	166,156	121,951	43,635,614
Total liabilities, equity and other credits	$ 3,659,540	$ 4,728,051	$ 745,916	$ 408,131	$ 1,599,195	$ 318,585	$ 50,818,974

The accompanying notes to the financial statements are an integral part of this statement.

Account Groups		Total (Memorandum Only)		Total (Memorandum Only)
General Fixed Assets	General Long-Term Obligations	Primary Government	Component Units	Reporting Entity
		$ 8,224,714	$ 676,017	$ 8,900,731
		46,051,619	2,432,734	48,484,353
		1,542,990		1,542,990
		1,307,518	9,828	1,317,346
		1,291,026	132,081	1,423,107
		731,553	49,669	781,222
		17,023		17,023
			203,740	203,740
		89,835	51,470	141,305
		969	34,411	35,380
		1,671,855	1,796,383	3,468,238
		301,286	369,039	670,325
$ 5,061,496		5,126,200	7,436,972	12,563,172
		983,300	99,891	1,083,191
	$ 443,509	443,509		443,509
	246,001	246,001		246,001
	10,718	10,718		10,718
	5,442,595	5,442,595		5,442,595
	1,586,305	1,586,305		1,586,305
	1,575,409	1,575,409		1,575,409
	11,304,662	11,304,662		11,304,662
$ 5,061,496	$ 20,609,199	$ 87,949,087	$ 13,292,235	$ 101,241,322
		$ 3,971,347	$ 837,370	$ 4,808,717
		2,156,379	2,159	2,158,538
		731,553	49,669	781,222
		203,740		203,740
			17,023	17,023
		450,984	71,555	522,539
			24,154	24,154
		5,678,640	191,315	5,869,955
		95,954	6,139	102,093
	$ 11,304,662	11,304,662		11,304,662
	5,886,104	5,886,104		5,886,104
	1,832,306	1,832,306		1,832,306
		1,157,457	3,765,178	4,922,635
	1,586,127	1,663,292	214,012	1,877,304
	20,609,199	35,132,418	5,178,574	40,310,992
		19,173	33,530	52,703
$ 5,061,496		5,061,496	4,856,333	9,917,829
		117,172	347,154	464,326
		151,762	1,362,996	1,514,758
		37,243,492		37,243,492
		4,199,951		4,199,951
		4,752,435	1,538,754	6,291,189
		719,186	14,077	733,263
		552,002	(39,183)	512,819
5,061,496		52,816,669	8,113,661	60,930,330
$ 5,061,496	$ 20,609,199	$ 87,949,087	$ 13,292,235	$ 101,241,322

State of Illinois

Combined Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances - All Governmental Fund Types, Expendable Trust Funds and Discretely Presented Component Units

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Primary Government
REVENUES						
Income taxes	$ 8,027,321	$ 783,343				$ 8,810,664
Sales taxes	5,240,808	1,927,044				7,167,852
Motor fuel taxes		1,287,585				1,287,585
Public utility taxes	911,644	296,250				1,207,894
Other taxes	1,154,767	449,092			$ 1,170,696	2,774,555
Federal government	4,495,660	4,429,860	$ 316	$ 3,546	21,467	8,950,849
Licenses and fees	65,333	1,027,928	202			1,093,463
Interest and other investment income	188,028	72,970	39,780	1,154	119,546	421,478
Other	806,929	733,668	411	7,918	3,036	1,551,962
Total revenues	20,890,490	11,007,740	40,709	12,618	1,314,745	33,266,302
EXPENDITURES						
Current:						
Health and social services	8,743,330	1,218,216	605	1,023	286	9,963,460
Education	5,360,882	1,389,414		35,312		6,785,608
General government	1,181,422	4,335,266	111	44,071	4,264	5,565,134
Social assistance	1,155,732	1,245,240			1,138,997	3,539,969
Transportation	38,099	2,554,171		56,908		2,649,178
Public protection and justice	1,346,174	331,932			81	1,678,187
Natural resources and recreation	144,415	249,468	1,593	18,530	76	414,082
Debt service:						
Principal	19,143	4,273	499,537			522,953
Interest	66,852	11,265	365,020	24		443,161
Capital outlays	102,795	86,404		153,294	407	342,900
Total expenditures	18,158,844	11,425,649	866,866	309,162	1,144,111	31,904,632
Excess (deficiency) of revenues over (under) expenditures	2,731,646	(417,909)	(826,157)	(296,544)	170,634	1,361,670
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Proceeds from general/special obligation bond issues				597,428		597,428
Proceeds from general/special obligation bond refunding issues			123,257	185,481		308,738
Operating transfers-in	1,019,019	2,576,893	933,465	7,224	9,315	4,545,916
Operating transfers from component units		247				247
Operating transfers-out	(2,146,087)	(1,854,668)	(1,663)	(24,135)	(13,782)	(4,040,335)
Operating transfers to component units	(1,383,064)	(48,013)		(61,515)		(1,492,592)
Operating transfers to primary government						
Capital lease financing	8,755	3,235				11,990
Payment to refunded bond escrow agent			(123,257)	(185,481)		(308,738)
Net other sources (uses) of financial resources	(2,501,377)	677,694	931,802	519,002	(4,467)	(377,346)
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources	230,269	259,785	105,645	222,458	166,167	984,324
Fund balances (deficit), July 1, 1997, as previously reported	(451,457)	2,682,967	639,041	134,705	2,017,765	5,023,021
Restatement/reclassification of fund balances	8,039				80	8,119
Fund balances (deficit), July 1, 1997, as restated	(443,418)	2,682,967	639,041	134,705	2,017,845	5,031,140
FUND BALANCES (DEFICIT), JUNE 30, 1998	$ (213,149)	$ 2,942,752	$ 744,686	$ 357,163	$ 2,184,012	$ 6,015,464

The accompanying notes to the financial statements are an integral part of this statement.

Component Units	Total (Memorandum Only) Reporting Entity
	$ 8,810,664
	7,167,852
	1,287,585
	1,207,894
$ 23,736	2,798,291
17,950	8,968,799
141	1,093,604
2,036	423,514
8,322	1,560,284
52,185	33,318,487
1,160	9,964,620
186	6,785,794
11,949	5,577,083
	3,539,969
	2,649,178
	1,678,187
911	414,993
8	522,961
4	443,165
65	342,965
14,283	31,918,915
37,902	1,399,572
	597,428
	308,738
	4,545,916
	247
(7,889)	(4,048,224)
	(1,492,592)
(2)	(2)
	11,990
	(308,738)
(7,891)	(385,237)
30,011	1,014,335
143,926	5,166,947
	8,119
143,926	5,175,066
$ 173,937	$ 6,189,401

State of Illinois

Combined Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) All Budgeted Fund Groups (See Note 2)

For the Year Ended June 30, 1998 (Expressed in Thousands)

	General Funds			Highway Funds		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES						
Income taxes	$ 7,345,000	$ 7,982,389	$ 637,389			
Sales taxes	5,140,000	5,274,138	134,138			
Motor fuel taxes				$ 1,207,600	$ 1,232,201	$ 24,601
Public utility taxes	860,000	912,138	52,138			
Federal government	3,430,000	3,255,754	(174,246)	638,700	729,294	90,594
Other	1,386,000	1,415,369	29,369	794,863	860,269	65,406
Less:						
Refunds	16,963	13,974	(2,989)	16,442	11,456	(4,986)
Total revenues	18,144,037	18,825,814	681,777	2,624,721	2,810,308	185,587
EXPENDITURES						
Current:						
Health and social services	7,518,514	7,426,035	(92,479)			
Education	6,650,770	6,629,592	(21,178)			
General government	1,198,922	1,163,387	(35,535)	274,443	262,380	(12,063)
Transportation	40,927	40,323	(604)	2,247,653	2,182,210	(65,443)
Social assistance	1,145,203	1,017,791	(127,412)	2,000	1,666	(334)
Public protection and justice	1,401,291	1,374,823	(26,468)	52,733	52,733	--
Natural resources and recreation	146,302	145,663	(639)			
Debt service:						
Principal						
Interest						
Capital outlays	93,933	92,159	(1,774)	21,981	20,202	(1,779)
Total expenditures	18,195,862	17,889,773	(306,089)	2,598,810	2,519,191	(79,619)
Excess (deficiency) of revenues over (under) expenditures	(51,825)	936,041	987,866	25,911	291,117	265,206
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Proceeds from general and special obligation bond issues						
Operating transfers-in	3,261,000	3,216,564	(44,436)	1,290,746	1,289,924	(822)
Operating transfers-out	(3,841,429)	(3,841,429)	--	(1,418,607)	(1,418,607)	--
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(632,254)	311,176	943,430	(101,950)	162,434	264,384
Budgetary fund balances (deficits), July 1, 1997, as previously reported	44,716	44,716	--	544,930	544,930	--
Reclassifications between budgetary/nonbudgetary funds-net						
Budgetary fund balances (deficits), July 1, 1997, as reclassified	44,716	44,716	--	544,930	544,930	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ (587,538)	$ 355,892	$ 943,430	$ 442,980	$ 707,364	$ 264,384

The accompanying notes to the financial statements are an integral part of this statement.

University Funds			Special State Funds			Bond Financed Funds		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			$ 1,577,651	$ 1,582,651	$ 5,000			
			516,951	520,896	3,945			
			64,450	68,457	4,007			
			279,648	281,191	1,543			
$ --	$ 30	$ 30	1,429,103	1,495,013	65,910			
--	314	314	3,572,458	3,597,334	24,876			
2	--	(2)	757,570	745,004	(12,566)			
(2)	344	346	6,682,691	6,800,538	117,847			
			2,211,878	1,938,312	(273,566)	$ 5,601	$ 5,286	$ (315)
471	367	(104)	206,500	192,562	(13,938)	59,125	45,478	(13,647)
			3,334,219	3,161,030	(173,189)	25,863	25,070	(793)
			244,353	217,924	(26,429)	59,699	55,515	(4,184)
			22,692	21,146	(1,546)			
			239,877	194,750	(45,127)	661	177	(484)
			407,110	333,773	(73,337)	55,005	51,635	(3,370)
						185,477	185,477	--
59	2	(57)	10,531	6,541	(3,990)	171,860	169,697	(2,163)
530	369	(161)	6,677,160	6,066,038	(611,122)	563,291	538,335	(24,956)
(532)	(25)	507	5,531	734,500	728,969	(563,291)	(538,335)	24,956
						603,900	782,909	179,009
			1,472,149	1,476,719	4,570			
(5)	(5)	--	(1,456,722)	(1,456,722)	--			
			(115,690)	(115,690)	--			
(537)	(30)	507	(94,732)	638,807	733,539	40,609	244,574	203,965
145	145	--	412,256	412,256	--	128,534	128,534	--
			3,693	3,693	--			
145	145	--	415,949	415,949	--	128,534	128,534	--
$ (392)	$ 115	$ 507	$ 321,217	$ 1,054,756	$ 733,539	$ 169,143	$ 373,108	$ 203,965

(continued)

Combined Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) All Budgeted Fund Groups (See Note 2)

For the Year Ended June 30, 1998 (Expressed in Thousands)

(continued)

	Debt Service Funds			Federal Trust Funds		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES						
Income taxes						
Sales taxes						
Motor fuel taxes						
Public utility taxes						
Federal government	$ 300	$ 354	$ 54	$ 2,344,824	$ 2,230,578	$ (114,246)
Other	17,590	28,418	10,828	83,190	116,007	32,817
Less:						
Refunds				2,915	149	(2,766)
Total revenues	17,890	28,772	10,882	2,425,099	2,346,436	(78,663)
EXPENDITURES						
Current:						
Health and social services				684,637	572,731	(111,906)
Education				1,144,342	971,992	(172,350)
General government	5,050	5,050	--	682,601	324,592	(358,009)
Transportation				217,163	144,319	(72,844)
Social assistance				357,167	185,586	(171,581)
Public protection and justice				233,247	98,297	(134,950)
Natural resources and recreation				66,837	34,006	(32,831)
Debt service:						
Principal	764,277	761,782	(2,495)			
Interest	290,558	268,396	(22,162)			
Capital outlays				11,336	7,630	(3,706)
Total expenditures	1,059,885	1,035,228	(24,657)	3,397,330	2,339,153	(1,058,177)
Excess (deficiency) of revenues over (under) expenditures	(1,041,995)	(1,006,456)	35,539	(972,231)	7,283	979,514
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Proceeds from general and special obligation bond issues	123,257	123,257	--			
Operating transfers-in	903,449	916,921	13,472	47,342	42,051	(5,291)
Operating transfers-out				(4,624)	(4,624)	--
Budgetary funds-nonbudgeted accounts				(41,199)	(41,199)	--
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(15,289)	33,722	49,011	(970,712)	3,511	974,223
Budgetary fund balances (deficits), July 1, 1997, as previously reported	422,953	422,953	--	(82,418)	(82,418)	--
Reclassifications between budgetary/nonbudgetary funds-net				(31)	(31)	--
Budgetary fund balances (deficits), July 1, 1997, as reclassified	422,953	422,953	--	(82,449)	(82,449)	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ 407,664	$ 456,675	$ 49,011	$ (1,053,161)	$ (78,938)	$ 974,223

Revolving Funds			State Trust Funds			Total (Memorandum Only)		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
						$ 8,922,651	$ 9,565,040	$ 642,389
			$ 323,605	$ 323,605	$ --	5,980,556	6,118,639	138,083
			24,239	24,239	--	1,296,289	1,324,897	28,608
						1,139,648	1,193,329	53,681
			258,170	149,223	(108,947)	8,101,097	7,860,246	(240,851)
$ 272,618	$ 260,832	$ (11,786)	389,469	576,200	186,731	6,516,188	6,854,743	338,555
26	23	(3)				793,918	770,606	(23,312)
272,592	260,809	(11,783)	995,483	1,073,267	77,784	31,162,511	32,146,288	983,777
			6,944	2,134	(4,810)	10,427,574	9,944,498	(483,076)
1,118	811	(307)	222,016	147,806	(74,210)	8,284,342	7,988,608	(295,734)
235,067	190,549	(44,518)	142,721	127,090	(15,631)	5,898,886	5,259,148	(639,738)
1,000	789	(211)				2,810,795	2,641,080	(169,715)
			142,201	112,770	(29,431)	1,669,263	1,338,959	(330,304)
45,367	41,849	(3,518)	2,952	1,159	(1,793)	1,976,128	1,763,788	(212,340)
			4,962	3,770	(1,192)	680,216	568,847	(111,369)
						949,754	947,259	(2,495)
						290,558	268,396	(22,162)
3,897	3,081	(816)	2,197	1,846	(351)	315,794	301,158	(14,636)
286,449	237,079	(49,370)	523,993	396,575	(127,418)	33,303,310	31,021,741	(2,281,569)
(13,857)	23,730	37,587	471,490	676,692	205,202	(2,140,799)	1,124,547	3,265,346
						727,157	906,166	179,009
2,401	504	(1,897)				6,977,087	6,942,683	(34,404)
(75)	(75)	--	(84,026)	(84,026)	--	(6,805,488)	(6,805,488)	--
			(534,500)	(534,500)	--	(691,389)	(691,389)	--
(11,531)	24,159	35,690	(147,036)	58,166	205,202	(1,933,432)	1,476,519	3,409,951
33,573	33,573	--	114,286	114,286	--	1,618,975	1,618,975	--
			(5,389)	(5,389)	--	(1,727)	(1,727)	--
33,573	33,573	--	108,897	108,897	--	1,617,248	1,617,248	--
$ 22,042	$ 57,732	$ 35,690	$ (38,139)	$ 167,063	$ 205,202	$ (316,184)	$ 3,093,767	$ 3,409,951

State of Illinois

Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances - All Proprietary Fund Types, Nonexpendable Trust Funds, and Discretely Presented Component Units

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Proprietary Fund Type		Fiduciary Fund Type	Total (Memorandum Only) Primary Government	Component Units	Total (Memorandum Only) Reporting Entity
	Enterprise	Internal Service	Non-expendable Trust			
OPERATING REVENUES						
Charges for sales and services	$ 1,762,655	$ 1,004,225	$ 54	$ 2,766,934	$ 364,470	$ 3,131,404
Interest and other investment income	88,097	25	202	88,324	123,720	212,044
Other	28,857	713	7	29,577	168,805	198,382
Total operating revenues	1,879,609	1,004,963	263	2,884,835	656,995	3,541,830
OPERATING EXPENSES						
Cost of sales and services	158,502	179,567		338,069	55,088	393,157
Benefit payments and refunds	145,036	569,767		714,803	40,443	755,246
Prizes and claims	842,343			842,343		842,343
Interest	57,319	602		57,921	56,067	113,988
General and administrative	147,836	31,314	21	179,171	253,574	432,745
Depreciation	1,481	24,185		25,666	131,870	157,536
Other	12,080	8,010		20,090	1,035	21,125
Total operating expenses	1,364,597	813,445	21	2,178,063	538,077	2,716,140
Operating income	515,012	191,518	242	706,772	118,918	825,690
NONOPERATING REVENUES (EXPENSES)						
Interest and investment income	4,197	2,149	91	6,437	79,517	85,954
Interest expense	(1,902)	(183)		(2,085)	(142,285)	(144,370)
Other revenues	252	337		589	7,619	8,208
Other expenses	(257)	(1,939)		(2,196)	(79)	(2,275)
Income before operating transfers	517,302	191,882	333	709,517	63,690	773,207
Operating transfers-in	26,101	1,515	4,474	32,090	9,635	41,725
Operating transfers from primary government					17,597	17,597
Operating transfers-out	(537,548)	(65)	(58)	(537,671)	(1,746)	(539,417)
Operating transfers to component units		(192,730)		(192,730)		(192,730)
Operating transfers to primary government					(166)	(166)
Net income	5,855	602	4,749	11,206	89,010	100,216
Retained earnings/fund balances July 1,1997, as previously reported	160,348	102,176	3,410	265,934	1,615,125	1,881,059
Restatement of retained earnings/fund balances	(47)			(47)	6,015	5,968
Retained earnings/fund balances July 1, 1997, as restated	160,301	102,176	3,410	265,887	1,621,140	1,887,027
RETAINED EARNINGS/FUND BALANCES, JUNE 30,1998	$ 166,156	$ 102,778	$ 8,159	$ 277,093	$ 1,710,150	$ 1,987,243

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois

Combined Statement of Cash Flows - All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely Presented Component Units

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Proprietary Fund Type		Fiduciary Fund Type	Total (Memorandum Only)		Total (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	Primary Government	Component Units	Reporting Entity
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from sales and services	$ 1,761,242	$ 995,181	$ 54	$ 2,756,477	$ 680,862	$ 3,437,339
Cash payments to suppliers for goods and services	(334,391)	(697,690)		(1,032,081)	(62,689)	(1,094,770)
Cash payments to employees for services	(115,572)	(53,898)		(169,470)	(97,329)	(266,799)
Cash payments for lottery prizes	(796,920)			(796,920)		(796,920)
Cash receipts from other operating activities	184,478	43	25	184,546	204,256	388,802
Cash payments for other operating activities	(323,593)	(1,383)	(21)	(324,997)	(407,973)	(732,970)
Net cash provided by operating activities	375,244	242,253	58	617,555	317,127	934,682
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Proceeds from sale of revenue bonds and other borrowing	220,325			220,325	429,180	649,505
Principal paid on revenue bonds and other borrowing	(21,600)			(21,600)	(360,910)	(382,510)
Interest paid on revenue bonds and other borrowing	(1,902)			(1,902)	(137,276)	(139,178)
Operating grants received					35	35
Operating transfers-in from other funds	26,494	1,564	4,474	32,532	11,818	44,350
Operating transfers from primary government					17,597	17,597
Operating transfers-out to other funds	(564,186)	(114)	(58)	(564,358)	(6,494)	(570,852)
Operating transfers to primary government					(154)	(154)
Operating transfers to component units		(192,730)		(192,730)		(192,730)
Other noncapital financing activities	(5)	79		74	3,403	3,477
Net cash provided (used) by noncapital financing activities	(340,874)	(191,201)	4,416	(527,659)	(42,801)	(570,460)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(1,378)	(9,716)		(11,094)	(186,930)	(198,024)
Principal paid on bond maturities and equipment contracts	(9,786)	(13,061)		(22,847)	(26,960)	(49,807)
Interest paid on bond maturities and equipment contracts		(183)		(183)	(51,076)	(51,259)
Proceeds from sale of equipment					4	4
Other capital and related financing activities					37,531	37,531
Net cash (used) in capital and related financing activities	(11,164)	(22,960)		(34,124)	(227,431)	(261,555)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investment securities	(269,882)		(65)	(269,947)	(2,424,462)	(2,694,409)
Proceeds from sale and maturities of investment securities	262,122			262,122	2,299,743	2,561,865
Interest and dividends on investments	4,185	2,169	255	6,609	78,999	85,608
Net cash provided (used) by investing activities	(3,575)	2,169	190	(1,216)	(45,720)	(46,936)
Net increase in cash and cash equivalents	19,631	30,261	4,664	54,556	1,175	55,731
Cash and cash equivalents, July 1, 1997	234,805	91,144	2,256	328,205	433,390	761,595
CASH AND CASH EQUIVALENTS, JUNE 30, 1998	$ 254,436	$ 121,405	$ 6,920	$ 382,761	$ 434,565	$ 817,326
Reconciliation of cash and cash equivalents to the balance sheet:						
Total cash and cash equivalents per the balance sheet	$ 99,021	$ 121,405	$ 3,164,597	$ 3,385,023	$ 676,017	$ 4,061,040
Add: restricted cash equivalents	155,415			155,415	37,487	192,902
Less: expendable trust, pension, investment, and non-proprietary component units			(3,157,677)	(3,157,677)	(278,939)	(3,436,616)
CASH AND CASH EQUIVALENTS, JUNE 30, 1998	$ 254,436	$ 121,405	$ 6,920	$ 382,761	$ 434,565	$ 817,326
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income	$ 515,012	$ 191,518	$ 242	$ 706,772	$ 118,918	$ 825,690
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	1,481	24,185		25,666	131,870	157,536
Provision for uncollectible accounts	(46)	1,258		1,212	815	2,027
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	(170,834)	(432)		(171,266)	26,859	(144,407)
(Increase) decrease in due from other funds	(153)	(57,402)		(57,555)	(5,556)	(63,111)
(Increase) decrease in due from primary government					168	168
(Increase) decrease in due from component units		922		922		922
(Increase) decrease in inventory	(333)	(1,548)		(1,881)	(452)	(2,333)
(Increase) decrease in prepaid expenses	127	(121)		6	2,120	2,126
Increase (decrease) in accounts payable and accrued liabilities	30,740	49,292		80,032	78,936	158,968
Increase (decrease) in intergovernmental payables	(5)	6		1	(336)	(335)
Increase (decrease) in due to other funds	425	1,857		2,282	5,351	7,633
Increase (decrease) in due to primary government					284	284
Increase (decrease) in due to component units		20		20		20
Increase (decrease) in deferred revenues	120	8,000	(9)	8,111	(1)	8,110
Increase (decrease) in other liabilities	(1,381)	24,698		23,317	6,260	29,577
Increase (decrease) in liabilities payable from restricted assets					(2,055)	(2,055)
Other	91		(175)	(84)	(46,054)	(46,138)
Total adjustments	(139,768)	50,735	(184)	(89,217)	198,209	108,992
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 375,244	$ 242,253	$ 58	$ 617,555	$ 317,127	$ 934,682
Noncash investing, capital, and financing activities						
Capital leases (initial year):						
Fair market value	$ --	$ 351	$ --	$ 351	$ --	$ 351

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois

Combined Statement of Changes in Net Assets
Pension and Investment Trust Funds

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Pension Trust	Investment Trust	Total (Memorandum only)
ADDITIONS			
Contributions	$ 1,781,020		$ 1,781,020
Participant's deposits, net		$ 568,393	568,393
Total contributions and participant's deposits, net	1,781,020	568,393	2,349,413
Investment income:			
Interest and other investment income	1,423,546	258,342	1,681,888
Net appreciation of investments	4,276,187	73,660	4,349,847
Investment expense	(206,883)	(2,350)	(209,233)
Net investment income	5,492,850	329,652	5,822,502
Total additions	7,273,870	898,045	8,171,915
DEDUCTIONS			
Benefit payments and refunds	2,191,835		2,191,835
Participant's withdrawals, net		101,818	101,818
Interest expense	1,210		1,210
Distribution to pool investors		121,707	121,707
General and administrative	23,940		23,940
Depreciation	2,007		2,007
Other	182		182
Total deductions	2,219,174	223,525	2,442,699
Net additions	5,054,696	674,520	5,729,216
Fund balances reserved for employees' pension benefits, July 1, 1997, as previously reported	32,188,796		32,188,796
Restatement/reclassification of fund balances		3,525,431	3,525,431
Fund balances reserved for employees' pension benefits, and external investment pool participants, July 1, 1997, as restated	32,188,796	3,525,431	35,714,227
FUND BALANCES RESERVED FOR EMPLOYEES' PENSION BENEFITS AND EXTERNAL INVESTMENT POOL PARTICIPANTS, JUNE 30, 1998	$ 37,243,492	$ 4,199,951	$ 41,443,443

The accompanying notes to the financial statements are an integral part of this statement.

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Combining Statement of Change in Fund Balances - University and College Component Units

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Component Units					
	Chicago State University	Eastern Illinois University	Governors State University	Northeastern Illinois University	Western Illinois University	Illinois State University
REVENUES AND OTHER ADDITIONS						
Unrestricted current fund revenues	$ 23,533	$ 65,478	$ 21,139	$ 24,364	$ 75,698	$ 128,418
Federal and local grants and contracts-restricted	16,572	5,886	7,971	9,435	11,559	10,706
State grants and contracts-restricted	339	960		172		6,485
Other state sources		424	357			3,286
Private gifts, grants and contracts-restricted	664	3,540	257	1,369	3,945	6,206
Investment income	64	3,544	157	40	1,431	1,799
Interest and fees on loans receivable	11	111		183	37	216
Expended for plant facilities:						
Current funds		8,137	724	2,749	6,994	11,443
Plant funds	3,007	1,317		487	2,980	766
Other						
Retirement of long-term obligations	375	2,717		1,035	1,449	4,047
Other	381	626	358	895	2,258	8,148
Total revenues and other additions	44,946	92,742	30,963	40,729	106,351	181,520
EXPENDITURES AND OTHER DEDUCTIONS						
Educational and general expenditures	74,651	103,173	55,588	73,502	122,636	199,003
Auxiliary enterprises expenditures	6,761	21,013	954	1,969	25,727	36,907
Hospital expenditures						
Independent operations expenditures						
Foundation expenditures	585	1,649	485	256	2,821	5,000
Indirect costs recovered		343		339	571	796
Refunds of grants and adjustments to grants						
Loan cancellations and write-offs	23	68		91	43	300
Change in allowance for uncollectible notes	98			15	59	(30)
Administrative and collection costs		47	233	40	56	6
Expended for plant facilities (including noncapitalized expenditures of $30,558)		2,895		985	4,169	8,223
Retirement of long-term obligations	1,771	4,002			3,582	5,011
Disposal of plant facilities	660	1,618	3,865	574	2,027	5,528
Other		3,876		1,543	1,685	4,641
Total expenditures and other deductions	84,549	138,684	61,125	79,314	163,376	265,385
TRANSFERS-ADDITIONS (DEDUCTIONS)						
Nonmandatory transfers:						
Operating transfers-in	10	115				
Operating transfers from primary government	42,328	64,011	28,568	55,627	70,372	108,557
Operating transfers-out					(7)	(35)
Operating transfers to primary government		(5)		(3)	(1)	(4)
Other				6		2
Total transfers	42,338	64,121	28,568	55,630	70,364	108,520
Net increase (decrease)	2,735	18,179	(1,594)	17,045	13,339	24,655
Fund balances, July 1, 1997, as previously reported	76,649	152,741	73,452	91,431	210,194	385,434
Restatement/reclassification of fund balances		1,943		228	1,152	2,479
Fund balances, July 1, 1997, as restated	76,649	154,684	73,452	91,659	211,346	387,913
FUND BALANCES, JUNE 30, 1998	$ 79,384	$ 172,863	$ 71,858	$ 108,704	$ 224,685	$ 412,568

The accompanying notes to the financial statements are an integral part of this statement.

Component Units (continued)			
Northern Illinois University	Southern Illinois University	University of Illinois	Total
$ 145,017	$ 236,911	$ 976,013	$ 1,696,571
13,987	43,331	336,274	455,723
	15,941	45,803	69,700
3,120			7,187
7,276	20,728	166,229	210,214
2,990	9,116	110,456	129,597
179	317	1,359	2,413
29,488	14,695	109,868	184,098
	16,243	74,814	99,614
1,394	641	46,479	48,514
2,759	3,568	27,894	43,844
2,239	41,702	115,826	172,433
208,449	403,193	2,011,015	3,119,908
226,891	480,416	1,858,706	3,194,566
47,725	49,535	151,174	341,765
		260,272	260,272
		6,632	6,632
4,178	20,980	29,347	65,301
1,826	3,901	77,251	85,027
	310	1,147	1,457
80	34	266	905
67	315	(105)	419
76	209	1,825	2,492
14,465	32,180	85,327	148,244
6,422	6,741	52,002	79,531
11,278	87,016	29,600	142,166
168	52,898	69,175	133,986
313,176	734,535	2,622,619	4,462,763
	887		1,012
127,761	277,555	892,946	1,667,725
(19)	(15)	(936)	(1,012)
(4)	(17)	(45)	(79)
(1,165)	9,100		7,943
126,573	287,510	891,965	1,675,589
21,846	(43,832)	280,361	332,734
407,169	822,308	3,559,566	5,778,944
1,546	6,398	58,644	72,390
408,715	828,706	3,618,210	5,851,334
$ 430,561	$ 784,874	$ 3,898,571	$ 6,184,068

Combining Statement of University and College Current Funds - Revenues, Expenditures and Other Changes University and College Component Units

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Unrestricted					
	Chicago State University	Eastern Illinois University	Governors State University	Northeastern Illinois University	Western Illinois University	Illinois State University
REVENUES						
Tuition and fees	$ 13,084	$ 35,179	$ 6,379	$ 19,805	$ 28,995	$ 64,379
Federal and local grants and contracts		166		306		655
State grants and contracts	13	245		3		1,430
Private gifts, grants and contracts	302	373	79	110	61	820
Investment income	10	1,274	166	570	1,625	1,043
Sales and services	10,124	26,024	906	3,194	39,325	52,373
Other		2,217	13,609	376	5,692	7,718
Total revenues	23,533	65,478	21,139	24,364	75,698	128,418
EXPENDITURES AND MANDATORY TRANSFERS						
Educational and general:						
Instruction	25,064	45,774	18,677	24,752	40,041	62,287
Research	1,014	272	23	24	842	1,809
Public service	2,606	1,758		1,482	1,887	7,273
Academic support	3,443	8,863	1,912	5,041	25,116	13,755
Student services	4,208	11,033	818	6,024	11,528	22,299
Institutional support	7,580	9,360	21,086	17,993	15,355	42,335
Operation and maintenance of plant	5,201	9,513	4,209	6,733	11,245	19,258
Scholarships and fellowships	8,530	3,353	374	1,250	2,825	8,021
Total educational and general	57,646	89,926	47,099	63,299	108,839	177,037
Auxiliary enterprises	6,761	21,013	954	1,959	25,727	36,690
Hospitals						
Independent operations		413				
Total expenditures	64,407	111,352	48,053	65,258	134,566	213,727
Mandatory transfers:						
Retirement of long-term obligations		3,600		574	3,299	4,208
Student loan matching grant		297	68	55		1
Renewal and replacement				50	1,879	6,067
Other	1,151		115	88	225	
Total mandatory transfers	1,151	3,897	183	767	5,403	10,276
Total expenditures and mandatory transfers	65,558	115,249	48,236	66,025	139,969	224,003
OPERATING TRANSFERS AND ADDITIONS (DEDUCTIONS)						
Operating transfers-in						
Operating transfers from primary government	41,630	55,630	26,769	43,992	66,644	98,856
Operating transfers-out				(17)		
Operating transfers to primary government		(5)		(3)	(1)	(4)
Other transfers	(224)	(1,407)			(1,341)	(1,820)
Excess (deficiency) of restricted receipts over (under) transfers to revenue						
Other additions (deductions)		(5)	(3)			2,729
Total operating transfers and additions (deductions)	41,406	54,213	26,766	43,972	65,302	99,761
TOTAL INCREASES (DECREASES) IN FUND BALANCES	$ (619)	$ 4,442	$ (331)	$ 2,311	$ 1,031	$ 4,176

The accompanying notes to the financial statements are an integral part of this statement.

Unrestricted (continued)			
Northern Illinois University	Southern Illinois University	University of Illinois	Total
$ 64,968	$ 93,168	$ 295,016	$ 620,973
1,735	2,653	67,419	72,934
328	261	2,990	5,270
3,077	1,227	8,920	14,969
1,434	4,682	5,479	16,283
69,278	129,949	558,221	889,394
4,197	4,971	37,968	76,748
145,017	236,911	976,013	1,696,571
91,222	173,234	583,339	1,064,390
3,694	11,608	86,941	106,227
4,983	17,997	109,135	147,121
21,647	76,295	124,610	280,682
9,952	36,047	52,514	154,423
47,946	53,072	141,689	356,416
17,183	43,391	134,149	250,882
10,709	7,373	99,223	141,658
207,336	419,017	1,331,600	2,501,799
47,708	48,858	151,152	340,822
		260,272	260,272
		6,632	7,045
255,044	467,875	1,749,656	3,109,938
6,240	6,248	36,244	60,413
35	196	257	909
4,230	468	4,845	17,539
1,050			2,629
11,555	6,912	41,346	81,490
266,599	474,787	1,791,002	3,191,428
	187		187
123,238	250,821	843,472	1,551,052
	(9,781)	(10)	(9,808)
(4)	(17)	(41)	(75)
(1,075)	6,499	(21,802)	(21,170)
(1,165)			1,556
120,994	247,709	821,619	1,521,742
$ (588)	$ 9,833	$ 6,630	$ 26,885

(continued)

State of Illinois

Combining Statement of University and College Current Funds - Revenues, Expenditures and Other Changes University and College Component Units

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Restricted					
	Chicago State University	Eastern Illinois University	Governors State University	Northeastern Illinois University	Western Illinois University	Illinois State University
REVENUES						
Tuition and fees						
Federal and local grants and contracts	$ 16,572	$ 5,576	$ 7,677	$ 9,033	$ 10,968	$ 10,545
State grants and contracts				194		6,485
Private gifts, grants and contracts	664	2,676	180	1,012	2,426	7,078
Investment income	64	881	97	18	364	1,076
Sales and services						
Other		177	417		1,053	1,549
Total revenues	17,300	9,310	8,371	10,257	14,811	26,733
EXPENDITURES AND MANDATORY TRANSFERS						
Educational and general:						
Instruction	7,508	570	339	334	2,937	2,654
Research	305	231	10	125	990	9,967
Public service	785	6,686	1,295	3,972	4,685	750
Academic support	1,037	258	162	122	2,595	1,420
Student services	1,267	27	6,718	804	8	264
Institutional support	2,488	1,687	386	112	497	3,867
Operation and maintenance of plant	1,566	288				64
Scholarships and fellowships	2,717	3,500	64	4,994	5,451	7,980
Total educational and general	17,673	13,247	8,974	10,463	17,163	26,966
Auxiliary enterprises				10		217
Hospitals						
Independent operations		1,236				
Total expenditures	17,673	14,483	8,974	10,473	17,163	27,183
Mandatory transfers:						
Retirement of long-term obligations						
Student loan matching grant		(237)				
Renewal and replacement						
Other			(115)	(88)	(225)	
Total mandatory transfers		(237)	(115)	(88)	(225)	
Total expenditures and mandatory transfers	17,673	14,246	8,859	10,385	16,938	27,183
OPERATING TRANSFERS AND ADDITIONS (DEDUCTIONS)						
Operating transfers-in	10	115				
Operating transfers from primary government	739	5,979	535	(240)	1,971	2,883
Operating transfers-out				(11)	(7)	(35)
Operating transfers to primary government						
Other transfers	224	(349)			(193)	(340)
Excess (deficiency) of restricted receipts over (under) transfers to revenue		761	1	(26)	20	836
Other additions (deductions)		(45)	(72)			(7)
Total operating transfers and additions (deductions)	973	6,461	464	(277)	1,791	3,337
TOTAL INCREASES (DECREASES) IN FUND BALANCES	$ 600	$ 1,525	$ (24)	$ (405)	$ (336)	$ 2,887

The accompanying notes to the financial statements are an integral part of this statement.

Restricted (Continued)				
Northern Illinois University	Southern Illinois University	University of Illinois	Total	Total Current Funds
				$ 620,973
$ 12,913	$ 40,124	$ 266,319	$ 379,727	452,661
2,835	15,049	45,339	69,902	75,172
5,166	15,816	168,299	203,317	218,286
84	1,409	14,445	18,438	34,721
48			48	889,442
225	2,039	103,106	108,566	185,314
21,271	74,437	597,508	779,998	2,476,569
1,894	8,326	127,239	151,801	1,216,191
6,733	18,920	258,018	295,299	401,526
4,812	24,533	111,930	159,448	306,569
	5,568	13,674	24,836	305,518
	818	2,469	12,375	166,798
556	1,858	2,890	14,341	370,757
	5	425	2,348	253,230
9,054	21,760	39,808	95,328	236,986
23,049	81,788	556,453	755,776	3,257,575
17	677	22	943	341,765
				260,272
			1,236	8,281
23,066	82,465	556,475	757,955	3,867,893
		1,545	1,545	61,958
			(237)	672
				17,539
			(428)	2,201
		1,545	880	82,370
23,066	82,465	558,020	758,835	3,950,263
	887		1,012	1,199
2,445	15,444	28,848	58,604	1,609,656
(19)	(116)	(926)	(1,114)	(10,922)
		(4)	(4)	(79)
(126)	1,298	(8,450)	(7,936)	(29,106)
372	289	(31,533)	(29,280)	(29,280)
	(309)	(1,055)	(1,488)	68
2,672	17,493	(13,120)	19,794	1,541,536
$ 877	$ 9,465	$ 26,368	$ 40,957	$ 67,842

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STATE OF ILLINOIS

Notes to the Financial Statements
June 30, 1998

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements of the State of Illinois have been prepared in conformity with generally accepted accounting principles ("GAAP") as prescribed in pronouncements of the Governmental Accounting Standards Board ("GASB").

B. Financial Reporting Entity

The State of Illinois is a "primary government" whose financial statements consist of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The financial statements include all funds, account groups, elected offices, departments and agencies as well as boards, commissions, authorities, and universities and colleges for which the State's elected officials are financially accountable. Financial accountability exists when the State's governing body appoints a majority of an organization's governing board and (1) the State can impose its will upon the organization or (2) there is a potential for the organization to provide specific financial benefit to, or impose specific financial burdens on the State.

The State's governing body consists of the legislative, executive, and judicial branches of government. The legislative function is controlled by an elected General Assembly composed of a 59-member Senate and a 118-member House of Representatives. The executive branch consists of the Governor, the chief executive of the State, the Lieutenant Governor, Attorney General, Secretary of State, Comptroller, and Treasurer. The judicial branch is composed of a seven-member Supreme Court, five Appellate court districts and twenty-two Circuit Court judicial districts including Cook County.

The financial statements distinguish between the "primary government" and its "component units." The State's participation in joint ventures, related organizations, and jointly governed organizations are separately disclosed below. The primary government, which consists of organizations that make up the State's legal entity, is the nucleus of the State's reporting entity and is generally the focal point for users of the financial statements. Component units are legally separate organizations for which the State is financially accountable. An overview of the State's component units is presented in the financial statements by "discrete" presentation (i.e., columns presently separately from the primary government). Condensed financial statements for the State's discretely presented component units are displayed in note 18.

Discretely Presented Component Units

Component units are reported in separate columns to emphasize that they are legally separate from the State. Complete financial statements of the individual component units can be obtained from the respective component unit administrative offices (as listed in parenthesis below). Except for the Board of Trustees of the University of Illinois, whose current board is partly elected, the major component units presented below have governing bodies appointed by the governing board of the State. The State is financially accountable for these component units, and, therefore, they are reported in separate "discrete" columns in the State's financial statements.

1. *Illinois Conservation Foundation ("Foundation").* The Foundation was created to promote, support, assist, sustain, and encourage the charitable, educational, scientific, and recreational programs, projects, and policies of the Illinois Department of Natural Resources. The State has the ability to impose its will on the Foundation. (Administrative Offices: 524 South 2nd Street, Springfield, Illinois 62701-1787).

2. *East St. Louis Financial Advisory Authority ("Authority").* The Authority was created to provide a secure financial basis for and to furnish assistance to the city of East St. Louis. The State substantively approves the Authority's budget. (Administrative Offices: 10 Collinsville Ave., East St. Louis, Illinois 62201).
3. *Illinois Medical District Commission ("Commission").* The Commission was created to maintain and expand a designated "medical district." The State substantively approves the Commission's budget. (Administrative Offices: 600 S. Hoyne, Chicago, Illinois 60612).
4. *Comprehensive Health Insurance Plan ("CHIP") Board.* The CHIP provides an alternate market for health insurance for eligible Illinois residents having a preexisting health condition. The State provides significant operating subsidies to the CHIP. (Administrative Offices: 400 West Monroe Street, Suite 202, Springfield, Illinois 62704).
5. *Illinois Development Finance Authority ("IDFA").* The IDFA provides funding for industrial, commercial and manufacturing development in areas of Illinois with critical unemployment. The State appropriates funds for certain IDFA programs. (Administrative Offices: 233 South Wacker Drive, Suite 5310, Chicago, Illinois 60606).
6. *Illinois Housing Development Authority ("IHDA").* The IHDA issue notes and bonds to make loans for the acquisition, construction and rehabilitation of housing and to make loans to encourage home ownership. The State approves bonds and notes issued by the IHDA and is secondarily liable for its debt if there are not sufficient IHDA monies to pay principal and interest. (Administrative Offices: 401 North Michigan Avenue, Suite 900, Chicago, Illinois 60611).
7. *Illinois Rural Bond Bank ("Bond Bank").* The Bond Bank provides assistance to rural governmental units by providing adequate capital markets and facilities for borrowing money and financing public improvements at low interest rates. The State is secondarily liable for payment of principal and interest on the Bond Bank debt. Excess reserves of the Bond Bank must be returned to the State's General Fund. (Administrative Offices: 427 East Monroe Street, Suite 202, Springfield, Illinois 62701).
8. *Illinois State Toll Highway Authority ("THA").* The THA operates a toll highway system to promote the public welfare, and to facilitate vehicular traffic by providing convenient, safe, modern and limited access highways within Illinois. The State approves new toll highways and issuance of bonds. (Administrative Offices: One Authority Drive, Downers Grove, Illinois 60515).
9. *Boards' of Trustees of Eastern Illinois University ("EIU"), Western Illinois University ("WIU"), Chicago State University ("CSU"), Northeastern Illinois University ("NEIU"), Governors State University ("GSU"), Illinois State University ("ISU"), and Northern Illinois University ("NIU") ("boards").* The boards of the respective universities operate, manage, control and maintain the schools. Until January 1, 1996, these universities were legally controlled by the Board of Governors and Board of Regents which have been abolished. The State provides significant financial support to the boards of the universities. (Administrative Offices:
   - CSU, 9501 South King Dr., Chicago, Illinois 60628
   - EIU, 113 West Old Main, Charleston, Illinois 61920
   - GSU, Route 54 & Stuenkel Rd., University Park, Illinois 60466
   - NEIU, 5500 N. St. Louis Avenue, Chicago, Illinois 60625
   - WIU, 1 University Circle, Macomb, Illinois 61455
   - ISU, Campus Box 1200, Normal, Illinois 61790-1200
   - NIU, 104 Altgeld Hall, DeKalb, Illinois 60115).
10. *Board of Trustees of Southern Illinois University ("SIU Board").* The SIU Board operates, manages, controls and maintains Southern Illinois University. The State provides significant financial support to the SIU Board. (Administrative Offices: Colyer Hall, Carbondale, Illinois 62901).
11. *Board of Trustees of the University of Illinois ("U of I Board").* The U of I Board contains both elected and appointed trustees who manage the University of Illinois. As existing board members' terms expire, they will be appointed by the Governor. The State provides significant financial support to the U of I Board. (Administrative Offices: 346 Administration Building, 506 South Wright Street, Urbana, Illinois 61801).

Joint Ventures

The State is a participant with the states of Michigan, Minnesota, New York, Ohio, Pennsylvania, and Wisconsin in the Great Lakes Protection Fund ("Fund"), an Illinois not-for-profit corporation. The nation's first multi-state environmental endowment was established in 1989 for furthering Federal and State commitments to programs that restore and maintain the Great Lakes water quality. This purpose is achieved by providing grant money for projects that promote the objectives of the regional Great Lakes Toxic Substances Control Agreement and the binational Great Lakes Water Quality Agreement.

A state becomes a member of the organization by agreeing to contribute an amount set forth in the articles of incorporation. In August 1998, Illinois made its final payment of $4.2 million for a total contribution of $15 million. There is still an outstanding amount due for $1.9 million in interest, which stopped accruing upon receipt of the final payment. The required contribution from all member states at December 31, 1997, with Illinois' paid up membership is $81 million. The Fund's net assets on that date were $116 million.

Once a state agrees to make the required contribution, that state's governor becomes a "member" of the corporation. Each member is entitled to elect two individuals to the board of directors. Budgetary and financial decisions rest with the board of directors except where restricted by the articles of incorporation. Two-thirds of the Fund's income is used to finance projects compatible with the organization's objectives as set forth in the articles of incorporation. The remaining one-third of income is paid to member states in proportion to the amount and period of time that each state's contribution was invested with the Fund ("state shares"). Illinois did not receive a share payment in 1997 but has received nearly $1.1 million since the Fund's inception. In accordance with the Articles of Incorporation, Illinois' state share will be used each year to reduce the amount of interest due until such time as the entire amount is eliminated. Illinois may make a cash payment at any time to expedite the reduction of interest due. The affirmative vote of all of the members is required for all actions of the Fund. Complete financial statements of the Fund can be obtained from the Fund's administrative offices at 35 East Wacker Drive, Suite 1880, Chicago, Illinois 60601.

Related Organizations

The State's officials are also responsible for appointing the majority of the boards of other organizations, but the State's accountability does not go beyond making the appointments. The State, generally the Governor, in certain instances with the advice and consent of the Senate, appoints the members of the following boards:

- Central Midwest Interstate Low-Level Radioactive Waste Commission
- Havana Regional Port District
- Kaskaskia Regional Port District
- Mt. Carmel Regional Port District
- Shawneetown Regional Port District
- Southwest Regional Port District
- Tri-City Regional Port District
- Waukegan Port District
- White County Port District
- Illinois Community College System Foundation

The State maintains accounting records for the Central Midwest & Interstate Low-Level Radioactive Waste Commission. The Illinois Community College Board provides nominal support services for the Illinois Community College System Foundation. These are the only related-party activities that the State has with the above organizations.

Jointly Governed Organizations

The State's officials, in conjunction with various other state and local government officials, are members of the boards of other organizations. However, the State has no ongoing financial interest or responsibility except the role of a participant in the organization's purpose and, in certain instances, pays annual dues or assessments. The Governor, sometimes with the advice and consent of the Senate, appoints the number of board members (as indicated in parenthesis below) of the following organizations:

- Bi-State Development Agency of the Missouri/Illinois Metropolitan District (5 of 10)
- Education Commission of the States (7 of approximately 350)
- Illinois/Indiana Bi-State Commission (2 of 12)
- Illinois/Indiana Bridge Commission (5 of 10)

- Illinois Valley Regional Port District (2 of 5)
- Interstate Mining Commission (1 of 17)
- Jackson/Union Counties Port District (4 of 23)
- Joliet Regional Port District (3 of 7)
- Lawyers Trust Fund (3 of 9)
- Midwestern Higher Education Commission (5 of 60)
- Northeastern Illinois Planning Commission (5 of 33)
- Ohio River Valley Water Sanitation Commission (2 of 18)
- Southwestern Illinois Metropolitan & Regional Planning Commission (8 appointed)
- Wabash Valley Interstate Commission (7 of 14)

The State has no significant related-party activities with the above organizations.

C. Fund Accounting

Financial activities of the State are organized on the basis of individual funds and account groups, each of which is a separate accounting entity segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations. The financial activities of the State accounted for in the accompanying financial statements have been classified into the following fund categories and account groups:

Governmental Fund Types

General - Transactions related to resources obtained and used for those services traditionally provided by a state government which are not required to be accounted for in other funds are accounted for in the General Fund. These services include, among others, social assistance, education (other than institutions of higher education), and health and social services. Certain resources obtained from federal grants and used to support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements. The State's General Fund contains four primary sub-accounts (General Revenue, Education Assistance, Common School, and Medicaid Provider Assessment Program) with numerous secondary sub-accounts.

Special Revenue - Transactions related to resources obtained from specific revenue sources (other than for expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes are accounted for in special revenue funds. Special revenue funds account for, among other things, federal grant programs, taxes levied with statutorily defined distributions, and other resources restricted as to purpose.

Debt Service - Transactions related to governmental resources obtained and accumulated to pay interest and principal on general long-term obligations (other than capital leases, compensated absences, workers' compensation, and unfunded retirement costs) are generally accounted for in debt service funds.

Capital Projects - Transactions related to resources obtained and used for the acquisition or construction of major capital facilities, including those provided to political subdivisions and other public organizations, which are charged to expenditures (other than those financed by proprietary, fiduciary, and university and college fund types) are accounted for in capital projects funds. Such resources are derived principally from proceeds of general and special obligation bond issues.

Proprietary Fund Types

Enterprise - Enterprise funds account for operations where the intent of the State is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where periodic measurement of the results of operations is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service - Internal service funds account for the operations of State agencies which render services and provide goods to other State agencies or governmental units on a cost-reimbursement basis.

Fiduciary Fund Types

Trust -

Expendable - Expendable trust funds account for assets held by the State in a trustee capacity where the principal and income may be expended in the course of the funds' designated operations.

Nonexpendable - Nonexpendable trust funds account for assets held by the State in a trustee capacity where only the income may be expended in the course of the funds' designated operations.

Pension - Pension trust funds account for transactions, assets, liabilities and fund balances reserved for employees' pension benefits of the various State public employee retirement systems.

Investment – Investment trust funds account for transactions, assets, liabilities and fund balances reserved for pool participants.

Agency

Agency funds account for the various taxes, deposits, deductions, and property collected by the State, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

Universities and Colleges

University and college funds account for the operations of State universities and colleges, including their related foundations and associations (referred to as university related organizations or "UROs"). The UROs are component units of their related universities and the universities are, in turn, component units of the State. The discrete presentation of the universities and colleges within the State's financial statements is in accordance with NACUBO accounting and reporting principles. The universities are reported in the financial statements based upon their legal ownership as follows:

- Chicago State, Eastern Illinois, Governors State, Northeastern Illinois, Western Illinois, Illinois State, and Northern Illinois are managed, operated, controlled, and maintained by individual boards of trustees at those universities.
- Board of Trustees of Southern Illinois University - Southern Illinois University at Carbondale, Edwardsville, and the Medical School at Springfield are operated, managed, controlled, and maintained by the SIU Board of Trustees.
- University of Illinois Board of Trustees - The University of Illinois at Champaign-Urbana, Chicago, Springfield, and the Medical Center at Chicago, are managed by the University of Illinois Board of Trustees.

Account Groups

General Fixed Assets. General fixed assets acquired or constructed for use by the State in the conduct of its activities, other than those accounted for in proprietary, fiduciary and university and college fund types are accounted for in the General Fixed Assets Account Group.

General Long-Term Obligations. Unmatured general and special obligation bonds, unfunded retirement costs, and other long-term obligations not recorded in proprietary, fiduciary and university and college fund types are recorded in the General Long-Term Obligations Account Group.

D. Basis of Accounting and Measurement Focus

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Governmental Fund and Expendable Trust Funds. The accounts of the general, special revenue, debt service, capital projects and expendable trust funds are reported using a current financial resources measurement focus and modified accrual basis of accounting. Under this measurement focus only current assets and current liabilities are included on the balance sheet. Fund balance represents a measure of "available spendable resources." Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available to finance expenditures of the fiscal year). "Measurable" means when the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Significant revenue sources which are susceptible to accrual include individual and corporate income taxes, sales taxes, public utility taxes and motor fuel taxes.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one type, monies must be expended on the specific purpose or project before any amounts will be paid to the State;

therefore, revenues are recognized based upon the expenditure recorded. In the other type, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Modifications to the accrual basis of accounting include:

- Self assessed taxes, principally income, excise and wealth taxes are recognized as receivables and revenues in the period to which they apply subject to their availability.
- Fines, penalties, licenses and other miscellaneous revenues are recognized when received since they normally are only measurable at that time.
- Interest on long-term obligations reflected in the General Long-Term Obligations Account Group is recognized in the debt service funds when it becomes payable.

Proprietary Funds, Nonexpendable Trust, Pension Trust and Investment Trust Funds. The accounts of the enterprise, internal service, nonexpendable trust, pension trust and investment trust funds are reported using the capital maintenance measurement focus and the accrual basis of accounting. Under this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components for enterprise and internal service funds. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

As permitted by GASB Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, generally, the State has elected to apply only statements and interpretations of the Financial Accounting Standards Board, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Agency Funds. The accounts of agency funds are reported using the modified accrual basis of accounting as described above for governmental and expendable trust funds. Agency funds do not measure nor report operations. Instead, changes in assets and liabilities are presented for agency funds.

University and College Funds. The accounts of the university and college funds are reported using the accrual basis of accounting with the following exceptions:

- Depreciation expense related to plant fund assets generally is not recorded.
- Revenues and expenditures of an academic term encompassing more than one fiscal year are solely reported in the fiscal year in which the program is predominantly conducted.

E. Eliminations

Eliminations have been integrated into the report to eliminate those items that would significantly overstate the financial activities of certain funds and intrafund accounts within the related fund type.

F. Total (Memorandum Only) Columns

Total columns represent an aggregation of the fund type and account group financial statements. They are presented for informational purposes and do not represent consolidated financial information.

G. Budgetary Process

The State Constitution requires the Governor to prepare and submit to the General Assembly an Executive Budget for the ensuing fiscal year. The budget covers most funds held by the State, but excludes all locally held funds and various treasury held funds which are not subject to appropriation pursuant to State law. The General Assembly enacts the budget through passage of specific line-item appropriations (i.e., personal services, contractual services, equipment, etc.), the sum of which must not exceed estimated revenues pursuant to the State Constitution. The Governor has the power to approve, reduce or veto each appropriation passed by the General Assembly. Transfers in/out contained in the Executive Budget are not a part of the General Assembly's appropriation process. The actual amounts are determined either by State law or by discretionary action available to the Governor. The Statewide Accounting Management System ("SAMS") controls expenditures by line-item as established in approved appropriation bills and insures that appropriated expenditure amounts are not exceeded.

The level of legal control is reported in a publication titled *Illinois Detailed Annual Report of Revenues and Expenditures*. A separate document is necessary since the State has approximately 9,300 appropriated line items. Administrative transfers between certain appropriation line items within the same treasury held fund cannot exceed 2% of the aggregate amount appropriated to an agency from that fund. Legislative action is required for more substantial transfers. Unexpended appropriations at June 30 are available for subsequent expenditure to the extent that encumbrances have been incurred at June 30, provided they are presented for payment during the succeeding 2-month "lapse period." Certain appropriations referred to as "reappropriations" represent the continuation of a prior year's program that requires additional time for completion.

Budgeted revenues in the accompanying Combined Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) represent original estimates, while budgeted expenditures represent original/continuing appropriations modified by supplemental and amendatory appropriations aggregating $702 million. Budgets are essentially on the cash basis, modified for expenditures during the lapse period (beginning and end of year) as described in the preceding paragraph.

SAMS establishes the following budgetary fund groups to account for the State's budgetary activities:

General - funds established to account for those services traditionally provided by a state government which are not required to be accounted for in other funds;

Highway - funds established to receive and distribute assessments related to transportation, and to support the construction and maintenance of transportation facilities and activities of the State;

University - funds established to receive revenues such as fees, tuition and excess income from auxiliary enterprises at State-supported institutions of higher education;

Special State - funds designated by statute as special funds in the State Treasury and not elsewhere classified;

Bond Financed - funds established to receive and administer the proceeds of various bond issues of the State;

Debt Service - funds established to finance and account for the payment of principal and interest generally associated with the general and special obligation bond issues of the State;

Federal Trust - funds established pursuant to grants and contracts or under statutory authority between State agencies and the federal government;

Revolving - funds established to finance and account for intra-governmental services; and,

State Trust - funds established by statute or under statutory authority for nonfederal programs which are not deemed to be a traditional governmental activity or elsewhere classified.

H. Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments readily convertible to cash with original maturities of three months or less. Cash equivalents consist principally of certificates of deposit, repurchase agreements, and U.S. treasury bills, and are stated at cost.

I. Investments

Investments are stated at fair value based on implementation of GASB Statement 31 for fiscal year 1998. Generally, the State's pension systems' marketable securities are valued at closing prices listed on national securities exchanges and quotes from independent pricing services as of June 30. Real estate and venture capital are valued based upon appraisals and discounted cash flow analysis.

The Illinois Public Treasurer's Investment Pool (IPTIP) operates as a 2a7-like pool and thus reports all investments at amortized cost rather than market value. The Treasurer's investment policies are governed by State statute. In addition, the Treasurer's Office has adopted its own investment practices that supplement the statutory requirement. The Treasurer's Office issues a separate financial report for IPTIP. It may be obtained by contacting them at Jefferson Terrace, 300 West Jefferson Street, Second Level, Springfield, Illinois 62702.

Investment income is recorded as revenue in the General Fund, except for resources of retirement systems and certain other individual funds that are statutorily authorized to be separately invested and specifically credited with the income realized thereon. The State financial statements contain certain investments that meet the definition of "derivatives." Derivative investments are included in the pension trust funds as disclosed in note 4.

J. Inventories

Inventories for governmental funds are valued at cost, principally on the first-in, first-out consumption method.

K. Interfund Transactions

The State has the following types of interfund transactions:

Quasi-external transactions - Charges for services rendered by one fund to another are treated as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

Reimbursements - Reimbursement of expenditures made by one fund for another are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Residual Equity Transfers - Nonroutine or nonrecurring transfers between funds are reported as additions to or deductions from fund equity.

Operating Transfers - Legally authorized transfers other than residual equity transfers are reported as operating transfers.

L. Property, Plant and Equipment

Fixed assets are recorded at cost or, for donated assets, at fair market value at date of acquisition.

General Fixed Assets - Fixed asset records are used by the State primarily to assure accountability. Historical cost records for certain general fixed assets are incomplete or not available. Accordingly, estimated historical costs have been used. Public domain (infrastructure) general fixed assets such as highways, bridges, and lighting systems are not capitalized. Depreciation is not provided on general fixed assets and interest expenditures incurred during the construction period are not capitalized.

Proprietary and Fiduciary Fund Types - It is the State's policy to capitalize interest expense incurred on significant assets during their construction. Generally, property, plant and equipment, excluding land, are depreciated on the straight-line method over the estimated service lives of the respective assets as follows:

	Years
Land improvements	20-50
Buildings and building improvements	20-50
Equipment	3-10

University and College Funds - Generally, public domain (infrastructure) assets such as streets, sidewalks, and lighting systems are not capitalized. Depreciation generally is not provided on property, plant and equipment.

M. Retirement Costs

Substantially all State employees, including members of the General Assembly and Judicial Branch, participate in one of three State public employee retirement systems (see Note 10). The State also maintains and funds public employee retirement systems for employees of the various State supported universities and colleges, and for public school teachers in cities other than Chicago. It is the State's policy to fund retirement costs without regard to amounts calculated under the actuarial requirements. Based on actuarial consultations, the State's contributions have been less than the retirement benefits paid during the year for the last seventeen fiscal years. Prior to fiscal year 1982, the State had funded the retirement costs at a level at least as great as the retirement benefits paid during the year.

Effective July 1, 1996, the State adopted the provisions of GASB Statement 27, *Accounting for Pensions by State and Local Governmental Employers* to determine pension cost. Accordingly, calculated pension cost comprises the employer's annual required contributions (i.e., the "ARC"), which equals normal cost plus interest on unfunded prior service cost and amortization of prior service cost over forty years, one year's interest on the net pension obligation, and an adjustment to the ARC to offset the effect of actuarial amortization of past under or over contributions.

N. Capital Appreciation ("deep-discount") Bonds

Capital appreciation bonds are those bonds that are issued at stated interest rates significantly below their effective interest rate, resulting in a substantial discount. The implicit interest (i.e., discount) is not paid until the bond matures. Therefore, the net value of the bonds "accretes" (i.e., the discount is reduced) over the life of the bonds. For general and special obligation bonds, the accreted amounts are included in the General Long-Term Obligations Account Group.

O. Compensated Absences

The amounts of vested unpaid vacation and sick leave accumulated by State employees are accrued when incurred in proprietary and university and college funds, which use the accrual basis of accounting. In the governmental funds, only the amounts that normally would be liquidated with expendable available financial resources are accrued as current-year expenditures. Legislation that became effective January 1, 1998 capped the paid sick leave for all State Employees' Retirement System members at December 31, 1997. Employees continue to accrue twelve sick days per year, but will not receive monetary compensation for any additional time earned after January 1, 1998. Sick days earned between 1984 and December 31, 1997 (with a 50% cash value) would only be used after all days with no cash value are depleted. Any sick days earned and unused after December 31, 1997 will be converted to service time for purposes of calculating employee pension benefits. The State's liability for unused vested sick leave and vacation time, including salary related costs (e.g., social security and Medicare tax), is recorded in the accompanying financial statements at the employees' current salary level. Unless it is anticipated that compensated absences will be used in excess of a normal year's accumulation, no additional expenditures are accrued. Therefore, the entire unpaid liability for the governmental funds is recorded in the General Long-Term Obligations Account Group.

P. Workers' Compensation Liability

The fund liabilities of the General Fund, Road and Mental Health (Special Revenue) Funds include the amount of workers' compensation claims that would normally be liquidated with expendable available financial resources. The remaining liability, based on the State's workers' compensation laws, is reported in the General Long-Term Obligations Account Group and University and College Funds.

Q. Encumbrances

The State employs encumbrance accounting for all governmental fund types. All contracts, purchase orders and other commitments for goods or services that have not been received/rendered by June 30 are reported as reservations of fund balances, not as expenditures.

R. Reservations/Designations of Fund Equity

Reservations

Governmental and Fiduciary Funds - Fund balances of governmental and fiduciary fund types that are legally restricted to a specific future use or that are not available for appropriation or expenditure are reported as reservations of fund balances.

University and College Funds - Fund balances of university and college funds that are legally restricted by outside sources to specific future use are reported as reservations of fund balances.

Proprietary Funds - Reserved retained earnings of the proprietary funds are legally restricted for the payments of capital maintenance and debt service related to revenue bonds and bond anticipation notes and for other purposes.

Designations

Designations of unreserved fund balances in governmental, fiduciary and university and college funds indicate the State's plan for use of financial resources in future periods.

S. Financial Reporting Standards

For periods beginning after December 31, 1998, GASB Statement 32, *"Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,"* is effective. The statement will require all amounts deferred under a Section 457 plan maintained by the State must be held in trust for exclusive benefit of plan participants. The State of Illinois Department of Central Management Services will implement the trust requirement in fiscal year 1999 prior to January 1, 1999 and will report the Section 457 plan as an expendable trust in the fiscal year 1999 CAFR.

2 BUDGETARY BASIS VS. GAAP

The accompanying Combined Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances-Budget and Actual (Non-GAAP), All Budgeted Fund Groups, presents comparisons of the legally adopted budget (more fully described in Note 1-G) with actual data on a budgetary basis. Since accounting principles applied for purposes of

	Primary Government					
BUDGETARY FUND GROUPS	**General**	**Highway**	**University**	**Special State**	**Bond Financed**	**Debt Service**
FINANCIAL STATEMENT FUND TYPES	**General**			**Special Revenue**	**Capital Projects**	**Debt Service**
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources (budgetary basis)	$ 311,176	$ 162,434	$ (30)	$ 638,807	$ 244,574	$ 33,722
Adjustments:						
To adjust revenues, related receivables and deferred revenue	(126,400)	(212,186)	(1)	660,579	25,411	13,464
To adjust expenditures/expenses and related liabilities	70,039	(22,813)	--	(1,065,801)	(19,541)	56,163
To adjust for lapse period expenditures which were not recorded as liabilities	(1,958)	317	--	33,355	350	--
Excess (deficiency) of revenues over (under) expenditures/expenses and other sources (uses) of financial resources into financial resources (GAAP basis) - budgetary classifications	252,857	(72,248)	(31)	266,940	250,794	103,349
Reclassifications & adjustments:						
To reclassify excess (deficiency) of revenues over (under) expenditures/ expenses and other sources (uses) of financial resources into financial statements fund types	(17,593)	72,248	31	1,317	5,217	(510)
To record excess (deficiency) of revenues over (under) expenditures/expenses and other sources (uses) of financial resources for nonbudgeted funds and accounts	(4,995)	--	--	(8,472)	(33,553)	2,806
Excess (deficiency) of revenues over (under) expenditures/expenses and other sources (uses) of financial resources (GAAP basis)	$ 230,269	$ --	$ --	$ 259,785	$ 222,458	$ 105,645

developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation (amounts expressed in thousands) of resulting basis, perspective, entity and timing differences in the excess (deficiency) of revenues over (under) expenditures/expenses and other sources (uses) of financial resources for the year ended June 30, 1998 is presented below:

Primary Government (Continued)						Component Units		
Federal Trust	Revolving Internal Service	State Trust	Enterprise	Expendable Trust	Non-Expendable Trust	Governmental	Proprietary	University & College
$ 3,511	$24,159	$ 58,166						
(69,736)	(26,871)	(530,140)						
91,898	3,094	555,644						
(16,450)	62	(7,779)						
9,223	444	75,891						
(9,223)	(129)	(75,891)	(5,362)	$ 153	$ 79	$29,518	$ --	$ 145
--	287	--	11,217	166,014	4,670	493	89,010	322,589
$ --	$ 602	$ --	$ 5,855	$ 166,167	$ 4,749	$30,011	$ 89,010	$322,734

3 RECLASSIFICATION/RESTATEMENT OF EQUITY BALANCES

In accordance with Governmental Accounting Standards Board Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Illinois Public Treasurers' Investment Pool has been determined to be an external investment pool and the Deferred Lottery Prize Winners Trust fund has been determined to be individual investment accounts. These assets have been reclassified from Agency fund type to Investment Trust fund type.

The equity balances for applicable funds have been restated to reflect the adjustment of investments to "fair value" as required by GASB Statement 31 which was implemented in the current fiscal year. The July 1, 1997 equity balances (amounts expressed in thousands) have been reclassified/restated as follows:

	Primary Government				Component Units	
	Fund Types				Discretely Presented	
	General	Expendable Trust	Enterprise	Investment Trust	Proprietary	University
Fund Balance/Retained Earnings July 1, 1997, as previously reported	$ (451,457)	$ 2,017,765	$ 160,348	$ –	$ 1,615,125	$ 5,778,944
Reclassifications:						
To reclassify funds determined to be Investment Trust:						
Illinois Public Treasurer's Investment Pool				1,868,077		
Deferred Lottery Prize Winners Trust Fund				1,501,380		
Restatements:						
To adjust investments to fair value	8,039	80	(47)	155,974	6,015	72,390
Fund Balance/Retained Earnings July 1, 1997, as reclassified/restated	**$ (443,418)**	**$ 2,017,845**	**$ 160,301**	**$ 3,525,431**	**$ 1,621,140**	**$ 5,851,334**

4 DEPOSITS AND INVESTMENTS

The State Treasurer is the custodian of the State's cash, cash equivalents, and investments for most funds maintained in the State Treasury. Funds maintained outside the State Treasury (locally held funds) have independent authority to manage their own cash and investments. As described later, the funds of the State's retirement systems are invested separately.

Investment Policy -

General

Statutes authorize public agencies, including the State of Illinois Primary Government and its Component Units, to engage in a wide variety of investment activities. These include bonds, notes, certificates of indebtedness, treasury bills or other securities guaranteed by the United States; interest-bearing savings accounts, certificates of deposit, or interest-bearing time deposits or any other investments that constitute direct obligations of any bank; short-term obligations of certain qualified United States corporations; short-term discount obligations of the Federal National Mortgage Association; shares or other securities legally issued by certain state or federal savings and loan associations; insured dividend-bearing share accounts and certain other accounts of chartered credit unions; certain money market mutual funds; Public Treasurer's Pool; and repurchase agreements that meet certain instrument and transaction requirements. Statutes require that investments purchased must mature or be redeemable prior to the date they will be needed to pay expenditures.

The investments of the State's five retirement systems (classified as pension trust funds) are governed by the State Pension Code. Authorized investments consist of bonds, equities, real estate, venture capital and other activities that are consistent with the "prudent person" rule. The "prudent person" rule, as adopted by the Illinois General Assembly in 1982, states that fiduciaries must discharge their duties with the care, skill, prudence and diligence which a prudent person acting in a like capacity and familiar with such matters would use under conditions prevailing at the time.

In addition to statutory requirements, Primary Government agencies and Component Units have adopted their own supplemental investment practices which further regulate such activities.

Derivatives

Certain State agencies, principally Teachers' Retirement System (TRS) and State Universities Retirement System (SURS), invest in derivative securities. A derivative security is an investment whose payoff depends upon the value of other assets such as commodity prices, bond and stock prices or a market index. In general, a derivative is used to modify exposure to undesirable risks, to increase portfolio liquidity and flexibility, or to enhance investment yields within the level of risk defined in the agency's investment guidelines.

Derivative transactions involve, to varying degrees, credit risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to terms. In order to eliminate credit risk, all derivative securities of TRS and SURS are done through a clearinghouse which guarantees delivery and accepts the risk of default by either party. Market risk is the possibility that a change in interest or currency rates will cause the value of a financial instrument to decrease or become more costly to settle. The market risk associated with derivatives, the prices of which are constantly fluctuating, is regulated by TRS and SURS by imposing strict limits as to the types, amounts and degree of risk that investment managers may undertake. These limits are approved by governing bodies and senior management, and the risk positions of the investment managers are reviewed periodically to monitor compliance with limits.

TRS and SURS invest in the following types of derivatives: foreign currency forward contracts, collateralized mortgage obligations (CMO's), financial futures, and financial options.

Foreign currency forward contracts are used to hedge against the currency risk in agencies' foreign stock and fixed income security portfolios. Foreign currency forward contracts are an agreement to buy or sell a specific amount of a foreign currency at a specified delivery or maturity date for an agreed upon price. Fluctuations in the market value of foreign currency forward contracts are recognized as incurred rather than at the maturity or the settlement date of the contract. Foreign currency forward contracts represent an off-balance sheet obligation because there are no balance sheet assets or liabilities associated with those contracts.

Financial futures are an agreement to buy or sell a specific amount of an asset at a specified delivery or on maturity date for an agreed-upon price. As the market value of the futures contract varies from the original contract price, a gain or loss is recognized and paid to the clearinghouse. Financial futures represent an off-balance sheet obligation because there are no balance sheet assets or liabilities associated with those contracts.

Financial options are an agreement that gives one party the right, but not the obligation, to buy or sell a specific amount of an asset for a specified price, called the strike price, on or before a specified expiration date. As writers of financial options, TRS and SURS receive a premium at the outset of the agreement and bear the risk of an unfavorable change in the price of the financial instrument underlying the option. Premiums received are recorded as a liability when the financial option is written. Fluctuations in the fair value of financial options are recognized in the financial statements as incurred rather than at the time the options are exercised or when they expire. As a purchaser of financial options, SURS pays a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option. Premiums paid are recorded as an asset when the financial option is purchased and gains/losses are recognized when the options are exercised by the agency or they expire.

As of June 30, 1998, TRS net costs and fair values (expressed in thousands) of option contracts written were ($263) and $789, respectively. The cost value of option contracts written represents the premiums received, and the fair value represents the amount to be paid to close all positions as of that date.

Type of Derivative Contract	Contractual Principal Outstanding* (expressed in thousands) Teachers' Retirement System	Universities Retirement System
Domestic Interest Rate Products		
Fixed income futures purchased	$ 480,713	$ 244,600
Fixed income futures sold		33,800
Fixed income written put options	40,555	5,500
Fixed income purchased call options		14,575
Fixed income written call options	429	16,193
Fixed income credit spreads	162,000	
International Interest Rate Products		
International fixed income futures purchased	325,792	6,000
International fixed income written put options		3,019
International fixed income purchased put options		12,280
International fixed income call options		1,550
Domestic Equity Products		
S&P 500 index futures purchased	769,811	
Foreign Currency Products		
Purchased put options		15,000
Written put options		1,550

*The contractual principal amounts listed above represent the market value of the underlying assets the derivative contracts control. Contractual principal values do not represent actual balance sheet values.

The preceding table represents the derivative positions held by TRS and SURS at June 30, 1998 in financial futures and financial options (expressed in thousands). Additional information concerning the derivative investments of TRS and SURS can be obtained from their separately issued annual reports.

Contractual principal amounts are often used to express the volume of these transactions but do not reflect the extent to which positions may offset one another. These amounts do not represent the much smaller amounts potentially subject to risk.

Deposits -

Primary Government

On June 30, 1998, the carrying amount of the State's Primary Government cash deposits (amounts expressed in thousands) was $1,979,883 and the bank balance was $2,509,447. Of the bank balance, $2,322,406 was covered by federal depository insurance or by collateral held by the State or the State's agent in the State's name, $2,976 was covered by collateral held in the pledging bank's trust department or by its agent in the State's name, and $184,065 was uninsured and uncollateralized.

Component Units

On June 30, 1998, the carrying amount of the State's Component Units cash deposits (amounts expressed in thousands) was $263,493, and the bank balance was $332,591. Of the bank balance, $293,882 was covered by federal depository insurance or by collateral held by the State or the State's agent in the State's name, $23,358 was covered by collateral held in the pledging bank's trust department or by its agent in the State's name, and $15,351 was uninsured and uncollateralized. At June 30, 1998, the State Treasurer held $324 of the component unit agencies bank balances. By statute, public monies deposited in financial institutions must

either be collateralized; insured by an agency of the federal government; or not exceed 75% of the capital stock and surplus, 75% of the net worth, or 50% of the unimpaired capital and surplus of a financial institution.

Investments –

Investments (amounts expressed in thousands), are categorized below to give an indication of the level of custodial credit risk assumed by the State at June 30, 1998. Category 1 includes investments that are insured or registered or for which the securities are held by the State or its agent in the State's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty trust department or agent in the State's name. Category 3, includes uninsured and unregistered investments for which the securities are held by the counterparty, or by a trust department or agent but not in the State's name. Of the amounts shown below in category 3, 77% pertain to the enterprise and 23% pension fund types.

The master repurchase agreements utilized by the Treasurer require the broker or financial institution to maintain the fair value of collateral securities at 102% of the agreement. The carrying amount was approximately $1,942,023 and the fair value of the collateral securities to be resold based on commitments under the repurchase agreements was approximately $1,987,956 as of June 30, 1998.

Primary Government

	Category 1	Category 2	Category 3	Carrying Amount	Fair Value
Repurchase agreements	$ 3,780,583			$ 3,780,583	$ 3,780,583
U.S. Treasury and Agency obligations	9,173,412		$119,371	9,292,783	9,293,993
Commercial paper	2,170,670	$3,530		2,174,200	2,174,200
Corporate debt securities	5,698,213		25,906	5,724,119	5,724,119
Corporate equity securities	13,377,719		196	13,377,915	13,377,915
	$ 34,200,597	$3,530	$145,473	34,349,600	34,350,810
Investment contracts				419,030	419,030
Tangible property				2,651,700	2,651,700
Investments in mutual funds				15,204,601	15,204,601
				$52,624,931	$ 52,626,141

Component Units

	Category 1	Category 2	Category 3	Carrying Amount	Fair Value
Repurchase agreements	$ 243,717	$ 659		$ 244,376	$ 244,376
U.S. Treasury and Agency obligations	766,793	79,714	24,447	870,954	873,790
Commercial paper	47,679	15,288	14,418	77,385	77,385
Corporate debt securities	205,567	13,835	37,662	257,064	257,064
Corporate equity securities	163,741	5,820	2,532	172,093	172,093
	$ 1,427,497	$ 115,316	$ 79,059	1,621,872	1,624,708
Investment contracts				563,123	563,123
Tangible property				35,697	64,231
Investments in mutual funds				757,577	758,024
				$ 2,978,269	$ 3,010,086

Of the amounts shown above in category 3, the university funds constitute 79%, and special revenue constitute 21%.

Reconciliation to Balance Sheet -

The balance sheet account cash and cash equivalents contains certain short-term investments (included as investments above) to reflect their liquidity. In addition, the disclosures related to deposits and investments above include certain items that the balance sheet shows as restricted assets or other assets. A reconciliation follows:

	Cash and Cash Equivalents	Investments
Amount Per Note:		
Primary Government Deposits/Investments	$ 1,979,883	$ 52,624,931
Component Units Deposits/Investments	263,493	2,978,269
Cash Equivalents	6,809,601	(6,809,601)
Restricted Assets	(152,146)	(309,246)
Other Assets	(100)	
Amount Per Balance Sheet		
Total (Memorandum Only) Reporting Entity	**$ 8,900,731**	**$ 48,484,353**

Securities Lending Transactions -

The investment policies of certain State agencies, principally the retirement systems and certain universities, permit them to enter into securities lending transactions. In these transactions, the agency loans their securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. The agencies' securities custodians are agents in lending the securities for collateral of at least 102% of the market/fair value of the securities. Collateral can consist of cash, cash equivalents, government securities, commercial paper or irrevocable letters of credit. Depending on their nature, securities on loan at year-end are presented as classified or unclassified in the preceding schedule of custodial credit risk. Generally, at year end, agencies had no credit risk exposure to borrowers because the amounts they owed to the borrowers exceeded the amounts the borrowers owe the agencies. Policies regarding indemnification vary among agencies. Some agencies' contracts with custodians require them to indemnify the agency if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or the borrowers fail to pay the agency for income distributions by the securities' issuers while the securities are out on loan. Other agencies have no provisions for indemnification.

As of June 30, 1998, agencies had outstanding loaned investment securities (amounts expressed in thousands) having a fair value of $4,489,064 against which they had received collateral having a fair value of $4,694,752.

5 TAXES RECEIVABLE

Taxes receivable (amounts expressed in thousands) at June 30, 1998 consisted of the following:

	Fund Types				Total (Memorandum Only)
	General	Special Revenue	Expendable Trust	Agency	
Income taxes	$ 656,849	$ 102,087		$ 5,896	$ 764,832
Sales taxes	729,850	270,343		63,200	1,063,393
Motor fuel taxes		202,566		402	202,968
Public utility taxes	41,553	122,374			163,927
Unemployment compensation taxes			$ 255,770		255,770
Other taxes	125,652	16,968		7,655	150,275
	1,553,904	714,338	255,770	77,153	2,601,165
Less: Allowance for uncollectible taxes	718,955	339,220			1,058,175
Taxes Receivable, net	**$ 834,949**	**$ 375,118**	**$ 255,770**	**$ 77,153**	**$ 1,542,990**

6 DUE FROM/TO OTHER FUNDS AND COMPONENT UNITS

The following balances (amounts expressed in thousands) at June 30, 1998 represent due from/to balances among all funds and component units:

	Due From			Due To		
Fund Type/Fund	Other Funds	Component Units	Primary Government	Other Funds	Component Units	Primary Government
Primary Government						
General	$193,821	$ 101		$414,385	$ 190,760	
Special Revenue:						
State Construction Account	42,472					
Local Government Distributive	99,768			625		
Public Transportation	36,568					
Motor Fuel Tax	24,104			60,237		
Road	35,442			49,053	2,950	
Tourism Promotion	7,232			98	24	
RTA Occupation & Use Tax Replacement	4,083					
Special Purposes Trust	5,511			83		
Personal Property Tax Replaceme	1			44,080		
State & Local Sales Tax Reform				32,667		
County & Mass Transit District				19,573		
Build Illinois	9,450					
Downstate Public Transportation				5,654		
State Gaming				5,441		
Vehicle Inspection	12,339			59	1	
Rate Adjustment				5,466		
Other	36,402	678		20,210	8,751	
	313,372	678		243,246	11,726	
Debt Service:				6	884	
Capital Projects:						
ESCO COP Capital Projects		7,400				
Other				1,158	290	
		7,400		1,158	290	
Enterprise:						
State Lottery	51,546			1,677		
Other	339			5,449		
	51,885			7,126		
Internal Service:						
Communications Revolving	20,331	404		1,744		
Statistical Services Revolving	26,324	17		581	30	
State Garage Revolving	5,423	4		199	2	
Health Insurance Reserve	80,000	2,753		1,187		
Working Capital Revolving	5,942	141		325		
Other	411	5		52	1	
	138,431	3,324		4,088	33	

Note 6 (continued)

Fund Type/Fund	Due From Other Funds	Due From Component Units	Due From Primary Government	Due to Other Funds	Due to Component Units	Due to Primary Government
Trust and Agency:						
Expendable Trust -						
Unemployment Compensation Trust	1,872	102		3,619		
Other	758			168	47	
	2,630	102		3,787	47	
Pension Trust -						
State Employee's Retirement System	7,232			74		
State Universities Retirement System	44	4,374				
Other	50			224		
	7,326	4,374		298		
Investment Trust -				95		
Agency						
Sports Facilities Tax				3,252		
Public Assistance Recoveries Trust				28,658		
Group Insurance Premium Fund	3,174					
RTA Sales Tax Trust	19,573					
Social Services				16,577		
Other	1,341	1,044		8,877		
	24,088	1,044		57,364		
Total Trust and Agency	34,044	5,520		61,544	47	
Total (Memorandum Only) Primary Government	**731,553**	**17,023**		**731,553**	**203,740**	
Component Units						
Governmental	237		$ 48	1,373		$ 1
Proprietary:						
Housing Development Authority	21,492			20,308		
Industrial Revolving Fund	4,183			1,466		
Other			158	2,728		982
University and College:						
Chicago State University	3,188		240	3,182		
Northern Illinois University						
Southern Illinois University	7,496		8,571	5,568		3,098
University of Illinois	11,436		185,116	13,398		11,950
Other	1,637		9,607	1,646		992
Total Component Unit	**49,669**		**203,740**	**49,669**		**17,023**
Total (Memorandum Only) - Reporting Entity	**$ 781,222**	**$ 17,023**	**$ 203,740**	**$ 781,222**	**$ 203,740**	**$ 17,023**

7 LOANS AND NOTES RECEIVABLE

Loans and notes receivable (amounts expressed in thousands) at June 30, 1998 consisted of the following:

	Fund Types				Total (Memorandum Only)	
	General	Special Revenue	Debt Service	Enterprise	Primary Government	Component Units
Mortgage loan program	$ 57	$ 126			$ 183	$ 1,644,170
Student loan program	18,945	1,366		$ 917,032	937,343	108,135
Local government infrastructure		653,908			653,908	77,502
Business loan program	44,155	9,412			53,567	231
Port districts construction	15,528				15,528	
Other	2,146	30,315	$ 25,500		57,961	3,507
	80,831	695,127	25,500	917,032	1,718,490	1,833,545
Less: Allowance for uncollectible accounts	39,067	5,043		2,525	46,635	37,162
Loans and notes receivable, net	**$ 41,764**	**$ 690,084**	**$ 25,500**	**$ 914,507**	**$ 1,671,855**	**$ 1,796,383**

In the accompanying financial statements, the General, Special Revenue and Debt Service fund types reflect loans and notes receivable of $757.3 million. Fund balances in the amount of $702.1 million have been reserved to indicate their long-term nature and that they are not available to meet current appropriation or expenditure needs.

A portion of the General fund type business loan programs ($32.8 million) represents various funds' pooled resources that the State has invested in a pilot mortgage program since fiscal year 1983. The programs are categorized as commercial and hotel loans as discussed below.

Commercial Loans - During fiscal year 1989, the remaining business loan outstanding, with a balance of $3.3 million, was restructured. During fiscal years 1993 and 1994, the Treasurer recorded write-down provisions totaling $1.6 million (i.e. $1.5 million and $150 thousand, respectively). On August 24, 1994 the loan was declared in default, and as such, has been classified as a nonperforming asset. A judgment of foreclosure was entered on October 8, 1997 in the amount of $4.2 million. The trustee took title to the property at a sheriff's sale in January 1998 and then sold the property in May 1998 for $2.1 million. The closing on the property did not occur until July 1998 so the sale will be reflected in the financial statements of the fiscal year ending June 30, 1999.

Hotel Loans - Effective January 12, 1987, two of the program's outstanding mortgage loans aggregating $28.9 million were restructured. One of these loans with an original balance of $15.5 million was restructured again effective January 1, 1990. The remaining loan totaling $13.4 million in original value was restructured effective January 1, 1991. Through June 30, 1998, the Treasurer recorded a provision for the write-down of $17.1 million for these two properties based on independent valuations. These two loans have been classified as nonperforming assets.

In 1995, the Treasurer authorized the trustee to sell the mortgage loans. However, the Attorney General opined that both his and the Governor's consent were required, which was not provided. Affiliates of the owners of the hotel loans filed a lawsuit against the trustee and the Treasurer seeking specific performance of the buy-sell agreement on the agreed to terms. This lawsuit is still pending and the ultimate outcome of this proceeding is not presently determinable.

On October 31, 1997, the trustee filed suit against the Hotel ventures for making improper deductions in determining payments due, creating a default and making the loan balances due upon demand. At the time of the filing of the suit, the trustee presented letters of credit with a value of $2.7 million, which serve as collateral for the loans of one of the properties, for collection. The ventures obtained a restraining order to prevent collection of the letters of credit.

On December 9, 1997, the Circuit Court dissolved the restraining order of one Hotel venture and denied the venture's motion to stop the trustee from calling the letter of credit. The court stayed the effectiveness of this order pending appeal. Subsequent to the end of the fiscal year the Appellate Court reversed the Circuit Court's ruling. The Treasurer and trustee have appealed this ruling and the outcome of this proceeding is not presently determinable.

The lawsuit against the other venture has been stayed pending the resolution of certain related issues discussed above. Once the Illinois Supreme Court rules on the related issues, a decision will likely be made on whether to lift the stay or not. The outcome of this litigation is not presently determinable.

The write-down of the above Hotel and Commercial loans is not considered forgiveness of the obligations and collection efforts will continue for the entire loan balance including principal and interest.

8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (amounts expressed in thousands) at June 30, 1998 consisted of the following:

	Fund Types						
	General Fixed Assets Account Group	Enterprise	Internal Service	Non-Expendable Trust	Pension Trust	Total (Memorandum Only) Primary Government	Component Units
Land and land improvements	$ 607,073		$ 335	$ 104	$ 1,858	$ 609,370	$ 3,082,169
Buildings and building improvements	3,031,867		17,002		13,857	3,062,726	3,114,734
Equipment	1,366,380	$ 12,841	187,820		21,341	1,588,382	2,109,295
Construction in progress	56,176					56,176	574,802
	5,061,496	12,841	205,157	104	37,056	5,316,654	8,881,000
Less: Accumulated depreciation		8,954	165,645		15,855	190,454	1,444,028
	$ 5,061,496	$ 3,887	$ 39,512	$ 104	$ 21,201	$ 5,126,200	$ 7,436,972

Changes in general fixed assets (amounts expressed in thousands) for the year ended June 30, 1998 are presented below:

	Balance July 1, 1997	Additions	Deletions/ Net Transfers	Balance June 30, 1998
Land and land improvements	$ 586,369	$ 11,187	$ (9,517)	$ 607,073
Buildings and building improvements	2,851,786	191,648	11,567	3,031,867
Equipment	1,301,806	194,967	130,393	1,366,380
Construction in progress	93,910	166,387	204,121	56,176
	$ 4,833,871	$ 564,189	$ 336,564	$ 5,061,496

Construction in progress (amounts expressed in thousands) for general fixed assets, and component units as of June 30, 1998 is composed of the following:

Project	Project Authorizations	Expended through June 30, 1998	Committed as of June 30, 1998	Available Authorization
General Fixed Assets Account Group -				
Lawrenceville Correctional Center	$ 69,000	$ 1,457	$ 2,139	$ 65,404
IYC Kewanee	42,750	-	-	42,750
Forensic Unit, Elgin MHC	33,325	26,834	2,479	4,012
Other	459,916	27,885	93,613	338,418
Total	**$ 604,991**	**$ 56,176**	**$ 98,231**	**$ 450,584**
Component Units -				
State Toll Highway Improvements	$ 645,250	$ 305,202	$ 340,048	$ -
Faraday Hall Addition - NIU	26,840	26,654	30	156
Faraday Engineering Building - NIU	28,138	27,473	171	494
Stevenson Towers Renovation - NIU	16,055	5,110	9,199	1,746
Ambulatory Care Facility - U of I	97,613	32,067	29,982	35,564
Parking Structure D-1 2nd Addition - U of I	12,700	12,300	15	385
Assembly Hall Addition & Remodeling - U of I	11,616	8,088	2,716	812
Aces Library - U of I	21,100	289	746	20,065
Engineering Hall Rehabilitation - U of I	15,107	925	7	14,175
Spurlock Museum - U of I	10,800	863	422	9,515
Science Building - ISU	29,400	29,089	311	-
Performing Arts Center - ISU	16,000	939	15,061	-
Total	**$ 930,619**	448,999	**$ 398,706**	**$ 82,912**
Projects less than $10,000		125,803		
Total		**$ 574,802**		

9 NOTES PAYABLE

The State agencies listed below generally issue short-term notes, normally secured by specific revenue sources, to provide temporary financing. Outstanding notes payable (amounts expressed in thousands) at June 30, 1998 were as follows:

Fund Type/Agency	Amount Outstanding	Interest Rates	Annual Maturity To
Primary Government -			
Enterprise:			
Illinois Student Assistance Commission	$ 95,954	See Below	Demand
Component Unit -			
Governmental:			
Medical Center Commission	$ 174	6.25%	See Below
Proprietary:			
Southwestern Illinois Development Authority	99	--	2008
Universities and Colleges:			
Northern Illinois University	1,715	5% to 7.5%	2002
Northeastern Illinois University	325	8.5%	2008
Southern Illinois University	1,548	3%	2009
University of Illinois	2,278	6% to 9%	2000
	5,866		
Total Component Units	6,139		
Total (Memorandum Only) Reporting Entity	**$ 102,093**		

Illinois Student Assistance Commission (ISAC) –

The ISAC is authorized to issue Student Loan Revenue Notes. The notes and related interest are payable solely from the revenues and other resources of the ISAC. On June 30, 1998, the ISAC had $96 million of notes outstanding due 2005 or upon demand. The interest rate is 69.875% of the weekly 91-day U.S. Treasury bill rate, with a minimum interest rate of 3.38% and a maximum interest rate of 11.725%.

Medical Center Commission (Commission) –

The Commission obtained a note payable from a local bank in the amount of $174 thousand as interim financing for expenses in the construction of the Chicago Technology Park Enterprise Center. The loan will be converted to a 20-year mortgage when construction is completed in Fiscal Year 1999.

Southwestern Illinois Development Authority (SWIDA) –

The SWIDA obtained a note payable from the Department of Commerce and Community Affairs in the amount of $100 thousand in fiscal year 1997, the proceeds of which were used for start-up costs. This note is non-interest bearing and matures on July 1, 2008. As of June 30, 1998, there were notes payable outstanding of $99 thousand.

Universities and Colleges -

Universities and colleges have issued notes payable aggregating $5.9 million at June 30, 1998. The notes are generally secured through revenues (i.e., lease payment agreements) derived from the operations of the projects constructed, although portions of the notes outstanding are unsecured.

10 RETIREMENT SYSTEMS

Plan Descriptions. The State of Illinois sponsors five public employee retirement systems ("PERS") that are included in the State's financial statements as pension trust funds. The General Assembly Retirement System ("GARS"), Judges' Retirement System ("JRS") and State Employees' Retirement System ("SERS"), are the administrators of single-employer defined benefit pension plans. The GARS, JRS and SERS are governed by articles 2, 18, and 14, respectively, of the Illinois Pension Code (40 ILCS 5/1, et. al.).

The Teachers' Retirement System ("TRS") is the administrator of a defined benefit pension plan with "special funding situations." It provides coverage to teachers employed by public school districts in Illinois (excluding Chicago) even though most covered employees are not State employees. The State Universities Retirement System ("SURS") is the administrator of a defined benefit pension plan and a defined contribution plan. They also have "special funding situations." The SURS provides coverage to faculty and staff of State universities, community colleges and related agencies, of which, some covered employees are not State employees.

The State of Illinois is legally mandated to make contributions to the TRS and SURS. Because the State contributes most of the TRS and SURS employer contributions, the single employer provisions of GASB Statement 27 have been followed for reporting those systems in the statewide CAFR. The TRS and SURS are governed by articles 16 and 15, respectively, of the Illinois Pension Code.

Public Act 90-448 was enacted effective January 1, 1998 and established an alternative defined benefit program known as the Portable Benefit Option Plan within the SURS. This option is offered in addition to the existing traditional benefit option. All members who are eligible for the traditional benefit option are eligible for the portable option. New and existing members are provided a window period in which to make an irrevocable election. The portable option provides an enhanced refund at termination for those who leave SURS with at least five years of service. Offsetting this additional cost is the elimination of the survivor benefit package. This program is designed to be cost neutral in relation to the traditional option. Approximately 2,000 out of a total of 77,000 members have chosen this option.

In addition, Public Act 90-448 required the SURS to offer a Self-Managed Plan. This is a defined

contribution plan and is offered to employees of all SURS employers who elect to participate. The contribution rate is 8% of their gross earnings. It is a qualified money purchase plan under Section 401(a) of the Internal Revenue Code. The assets are maintained under trust administered by the SURS Board of Trustees in accordance with the Illinois Pension Code. 845 of the 77,000 members have chosen this option. $1.7 million of the $10.8 billion total assets relate to the Self-Managed Plan.

Each of the five State-sponsored retirement systems provide retirement, death and disability benefits to members and beneficiaries. Each plan also issues a publicly available financial report that includes financial statements and required supplementary information for that plan. Those reports may be obtained by writing or calling the plan as follows:

- General Assembly Retirement System and Judges' Retirement System, 2101 S. Veterans Parkway, Springfield, Illinois, 62794-9255, (217)782-8500.
- State Employees' Retirement System, 2101 S. Veterans Parkway, Springfield, Illinois, 62794-9255, (217)785-2340.
- Teachers' Retirement System, 2815 W. Washington Street, PO Box 19253, Springfield, Illinois 62794-9253, (217)753-0311.
- State Universities Retirement System, 1901 Fox Drive, Champaign, Illinois 61820-7333, (217) 378-8800.

Funding Policy and Annual Pension Cost. Member contributions are based on fixed percentages set by statute ranging from 4% to 11.5%. The State's funding requirements have been established by statute (Public Act 88-593) effective July 1, 1995 and provides for a systematic 50-year funding plan with an ultimate goal to achieve "90% funding" of the systems' liabilities. In addition, the funding plan provides for a 15-year phase-in period to allow the State to adapt to the increased financial commitment. Once the 15- year phase-in period is complete, the State's contribution will then remain at a level percentage of payroll for the next 35 years until the 90% funded level is achieved. As illustrated in Table I, the State met its funding requirement established by *statutory law* for the fiscal year ended June 30, 1998. Actual contributions varied slightly from contributions required by statute mainly because of differences between estimated and actual federal contributions.

The current statutory law includes a "continuing appropriation," which means that the State must automatically provide funding to the pension systems based on actuarial cost requirements and amortization of the unfunded liability without being subject to the General Assembly's appropriation process.

This statutory funding requirement differs significantly from the annual pension cost ("APC") because the statutory plan does not conform with the GASB Statement 27 accounting parameters. The State's APC for the current year and related information for each plan (dollar amounts expressed in thousands) are included in Table I.

***TABLE I** (dollar amounts in thousands)*

	GARS	JRS	SERS	TRS	SURS
Actuarially required contribution ("ARC")	$5,318	$28,868	$206,726	$983,312	$290,401
Plus: Interest on net pension obligation ("NPO")	2,622	13,504	89,785	464,938	273,164
Adjustment to the ARC	(1,395)	(7,184)	(57,463)	(263,961)	(148,262)
Annual pension cost ("APC")	6,545	35,188	239,048	1,184,289	415,303
Employer contributions	3,113	15,692	200,742	477,685	227,793
Increase in NPO	3,432	19,496	38,306	706,604	187,510
NPO at June 30, 1997***	32,773	168,807	1,122,318	5,811,726	3,213,690
NPO at June 30, 1998	$36,205	$188,303	$1,160,624	$6,518,330	$3,401,200
Required contribution amounts/rates:					
* Statutory required contribution-State	$3,113	$15,664	$190,687	$478,439	$227,800
Members	11.5%	11%	4%-9.5%	8%	8%-9.5%
Actuarial valuation date	6/30/98	6/30/98	6/30/98	6/30/98	6/30/98
Actuarial cost method	Proj. Unit Credit	Proj. Unit Credit	Proj. Unit Credit	Proj. Unit Credit	Proj. Unit Credit
Amortization method	Level % of pay	Level % of pay	Level % of pay	Level % of pay	Level % of pay
Remaining amortization period	40 years, open	40 years, open	40 years, open	40 years, open	40 years, open
Asset valuation method	Fair value	Fair value	Fair value	Fair value	Fair value
Actuarial assumptions:					
Investment rate of return	8%	8%	8.5%	8.5%	8.5%
Projected salary increases	6.5%	6%	.5%-4.7%	6%-9.3%**	5.5%
Postretirement benefit increases	3%	3%	3%	3%	3%
Inflation rate	4%	4%	3.5%	4%	5%

* Public Act 88-0593 provides for 50-year funding including 15-year phase-in of employer contributions as a percentage of active member payroll increasing until fiscal year 2010, and remaining at that level until fiscal year 2045 when the Systems' funded ratios will be 90%.
** Composite, 7%.
*** Prior year balance for JRS and SURS revised due to changes in actuarial calculations.

Trend Information. The annual pension cost, the percentage of annual pension cost contributed for the year, and the NPO at the end of the year are presented in the following Table II:

TABLE II (dollar amounts in thousands)

		GARS	JRS	SERS	TRS	SURS
Annual Pension Cost ("APC")						
	6/30/97	$ 6,044	$ 31,672	$ 241,891	$ 1,103,974	$ 543,502
	6/30/98	$ 6,545	$ 35,188	$ 239,048	$ 1,184,289	$ 415,303
% of APC Contributed						
	6/30/97	46.11%	43.42%	65.39%	35.81%	33.49%
	6/30/98	47.56%	44.59%	83.98%	40.33%	54.85%
Net Pension Obligation						
	6/30/97	$ 32,773	$ 168,807	$ 1,122,318	$ 5,811,726	$ 3,213,690
	6/30/98	$ 36,205	$ 188,303	$ 1,160,624	$ 6,518,330	$ 3,401,200

Fiscal years presented are the only available with information in accordance with same parameters.
The prior year amounts for JRS and SURS were revised due to change in actuarial calculations.

Postemployment Benefits. In addition to providing pension benefits, the State Employees Group Insurance Act requires that the State pay the cost of basic noncontributory health and dental, and life insurance benefits to annuitants who are former State employees. This includes annuitants of all of the State's retirement systems, except the non-state employee members of TRS.

Effective January 1, 1996, legislation transferred the administration of the TRS health insurance program to the Illinois Department of Central Management Services ("CMS"). The legislation also established a funding mechanism consisting of a one-half of one percent contribution from active teachers and matching appropriations from the State to pay the subsidy portion of participating annuitants during fiscal year 1996 and thereafter. Persons enrolling in TRS managed care or residing in areas with no managed care receive a 75% premium subsidy. All others receive a 50% subsidy. At June 30, 1998, there were approximately 31,300 TRS annuitants enrolled in the health plan. Payments into this plan by the annuitants as well as the state subsidy were approximately $52.5 million. The teachers health insurance program is accounted for in the Teachers Health Insurance Security Fund, an enterprise fund. TRS is responsible for program enrollment and eligibility determination. CMS is responsible for providing information and consultation to plan participants.

Substantially all of the State's employees may become eligible for postemployment benefits if they eventually become an annuitant. Health and dental benefits include basic benefits for annuitants under the State's self-insurance plan and insurance contracts currently in force. Life insurance benefits are limited to $5,000 per annuitant age 60 and older. For fiscal year 1998, the State did not segregate payments made to annuitants from those made to current employees for health and dental, and life insurance benefits. The total cost of all members including postemployment health and dental, and life insurance benefits is recognized as an expenditure in the accompanying financial statements as claims are reported and are financed on a pay-as-you-go basis. For fiscal year 1998, the cost of providing postemployment health and dental, and life insurance benefits for approximately 66,000 annuitants was estimated to be $172.3 million and $1.3 million, respectively.

Subsequent events. Subsequent to the balance sheet date, Public Act 90-0582 was enacted which changed the retirement benefit formula for TRS to a 2.2% flat rate formula. The increased retirement benefit formula is applicable to all eligible members effective July 1, 1998. This legislation also increased the member retirement contribution rate from 8% to 9%.

11 GENERAL OBLIGATION BONDS

General obligation bonds have been authorized and issued primarily to provide funds for acquisition and construction of capital facilities for higher education, public and mental health, correction and conservation purposes and for maintenance and construction of highway and waterway facilities. Bonds also have been issued to provide assistance to municipalities for construction of sewage treatment facilities, port districts, aquarium facilities, local schools, mass transportation and aviation purposes, and to fund research and development of coal as an energy source. In addition, bonds have been authorized to refund any general obligation bonds outstanding.

The State Constitution provides that the State may issue general obligation bonds for specific purposes in such amounts as provided either by the General Assembly with a three-fifths vote of each house or by a majority of voters in a general election. The enabling acts pursuant to which the bonds are issued provide that all bonds issued thereunder shall be direct obligations of the State of Illinois and pledge the full faith and credit of the State. General obligation bonds are redeemed over a period not to exceed 30 years, from available resources in the debt service funds. However, the State of Illinois has generally issued 25 year serial bonds with equal amounts of principal maturing each year, except for capital appreciation and refunding bonds which mature in varying amounts. With the exception of anti-pollution bonds, Illinois offerings generally have call provisions providing for early redemption at the option of the State. Calls can begin 10 years following the date of issuance, in whole or in part, in such order as the State shall determine and at a redemption price not to exceed 102% of par value.

General obligation bonds outstanding and bonds authorized but unissued (amounts expressed in thousands) at June 30, 1998 are as follows:

	Outstanding		Authorized
Purpose	Interest Rates	Amount	but Unissued
Capital development	3.50% to 7.90%	$ 2,401,841	$ 1,226,988
Transportation	3.50% to 7.90%	$ 1,640,466	$ 243,397
Anti-Pollution	3.50% to 12.0%	$ 318,017	$ 48,063
School construction	3.50% to 7.90%	$ 72,124	$ 1,142,425
Coal Development	3.95% to 7.90%	$ 40,841	$ 102,214
Refunding	3.90% to 6.70%	$ 1,412,815	$ 236,061
		$ 5,886,104	$ 2,999,148

Changes in general obligation bonds during the year ended June 30, 1998 are summarized in Note 15.

Future general obligation debt service requirements (amounts expressed in thousands) at June 30, 1998 are as follows:

Year Ending June 30	Principal	Interest	Total
1999	$ 483,300	$ 211,103	$ 694,403
2000	477,625	194,268	671,893
2001	474,255	178,647	652,902
2002	451,095	163,464	614,559
2003	447,000	148,703	595,703
Thereafter	4,558,110	1,095,174	5,653,284
	$ 6,891,385	$ 1,991,359	$ 8,882,744
Less: Unaccreted appreciation	1,005,281		
	$ 5,886,104		

On April 28, 1998, the State issued $250 million in general obligation bonds. A portion thereof, $119.9 million with an average interest rate of 5.1%, plus a reoffering premium of $3.7 million, were used to advance refund $117.6 million of certain callable maturities of previously issued general obligation bonds which had interest rates ranging from 5% to 6.75%. The principal of the refunded bonds will be redeemed on various dates through 2001 at redemption prices ranging from 100% to 102%. The net proceeds of $123.3 million (after payment of $.3 million in underwriting fees) were used to purchase U.S. government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the General Long-Term Obligations Account Group. At June 30, 1998, the outstanding balance of the defeased bonds is $74.7 million.

This advance refunding transaction has reduced the State's aggregate debt service payments by $7.7 million, resulting in an economic gain (the difference between the present values of the debt service payments on the old and new debt) of $6 million over the life of the refunded bonds.

In prior years, the State defeased certain callable maturities of general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the accompanying financial statements. At June 30, 1998, the outstanding balance of these defeased bonds is $50.2 million. These bonds, bearing interest at rates ranging from 5.8% to 6.75%, are to be redeemed on various dates through 2001 at redemption prices varying from 100% to 102%.

Subsequent to June 30, 1998, the State issued $122.3 million of general obligation college savings bonds (accretion bonds that have a par value of $187.4 million at maturity). The bonds, issued on November 10, 1998, mature annually from 2001 through 2020 and bear interest at rates ranging from 3.55% to 4.85%.

12 SPECIAL OBLIGATION BONDS

Special obligation bonds have been authorized and issued to provide funds for the Build Illinois Program, the State's Metropolitan Civic Center Support Program, and to refund any bonds previously issued under these programs.

The Build Illinois Program was implemented to expand the State's efforts in economic development by providing financing in certain areas. These areas include construction, reconstruction, modernization, and extension of the State's infrastructure; development and improvement of educational, scientific, technical and vocational programs and facilities; expansion of health and human services in the State; protection, preservation, restoration, and conservation of the State's environmental and natural resources; and provision of incentives for the location and expansion of businesses in Illinois resulting in increased employment.

The State's Metropolitan Civic Center Support Act (Support Act) was amended on September 3, 1985, to allow the issuance of bonds to refinance the State's Metropolitan Civic Center Support Program and to provide additional capital for new projects to be financed under the Support Act. The refinancing of the State's Metropolitan Civic Center Support Program is discussed further in Note 14. The Support Act was amended further on September 11, 1990, to allow the issuance of bonds for making construction and improvement grants by the Secretary of State, as State Librarian, to public libraries and library systems. Special obligation bonds are payable primarily from dedicated portions of the State's sales tax and the horse racing privilege tax and are redeemed over a period of not more than 30 years. Additionally, these bonds have call provisions providing for early redemption at the option of the State, beginning 10 years following the date of issuance, in whole or in part, in such order as the State shall determine and within any maturity by lot at varying premiums which decrease periodically.

Special obligation bonds outstanding and bonds authorized but unissued (amounts expressed in thousands) at June 30, 1998, are as follows:

Purpose	Outstanding Interest Rates	Outstanding Amount	Authorized but Unissued
Build Illinois:			
Public infrastructure	3.9% to 7.5%	$ 504,045	$ 106,400
Business development	5.6% to 7.5%	6,182	1
Education	3.9% to 7.5%	245,369	2,183
Environment	3.9% to 7.5%	7,175	1,395
Refunding	3.9% to 7.0%	897,887	Unlimited
		1,660,658	109,979
Civic Center:			
Civic centers	5.5% to 9.2%	61,309	132,429
Libraries	5.5% to 6.4%	6,964	3,036
Refunding	3.65% to 7.35%	103,375	Unlimited
		171,648	135,465
		$ 1,832,306	$ 245,444

Changes in special obligation bonds during the year ended June 30, 1998, are summarized in Note 15. Future special obligation debt service requirements (amounts expressed in thousands) at June 30,1998, are as follows:

Year Ending June 30	Principal	Interest	Total
1999	$ 75,420	$ 93,792	$ 169,212
2000	77,515	91,115	168,630
2001	78,665	88,338	167,003
2002	79,830	85,535	165,365
2003	81,080	82,632	163,712
Thereafter	1,544,805	693,203	2,238,008
	$ 1,937,315	$ 1,134,615	$ 3,071,930
Less: Unaccreted appreciation	105,009		
	$ 1,832,306		

On January 8, 1998, the State issued $145.5 million in special obligation Build Illinois bonds with an average interest rate of 5.12% to advance refund $140.1 million of certain callable maturities of previously issued Build Illinois bonds with interest rates ranging from 6.0% to 7.25%. The principal of the refunded bonds will be redeemed on various dates through 2001 at redemption prices ranging from 100% to 102%. The net proceeds of $148.1 million (which includes a reoffering premium of $3.2 million and excludes $.6 million in underwriting fees and issuance costs) were used to purchase U.S. government securities. The securities were deposited with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the General Long-Term Obligations Account Group. At June 30, 1998, the outstanding balance of the defeased bonds is $128.3 million.

On May 14, 1998, the State issued $37.6 million in special obligation Civic Center bonds with an average interest rate of 4.78% to advance refund $34.5 million of certain callable maturities of previously issued Civic Center bonds with interest rates ranging from 6.0% to 9.20%. The principal of the refunded bonds will be redeemed on various dates through 2001 at redemption prices ranging from 100% to 102.5%. The net proceeds of $37.4 million (which includes a reoffering premium of $.1 million and excludes $.3 million in underwriting fees and issuance costs) were used to purchase U.S. government securities. The securities were deposited with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be

defeased and the liability for those bonds has been removed from the General Long-Term Obligations Account Group. At June 30, 1998, the outstanding balance of the defeased bonds is $29.5 million.

Respectively, the refunding transactions have reduced the State's aggregate debt service payments by $17.3 million and $3.2 million, resulting in economic gains (present value savings) of $11.1 million and $2.4 million over the life of the refunded bonds.

In prior years, the State defeased certain callable maturities of Build Illinois and Civic Center bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the accompanying financial statements. At June 30, 1998, the outstanding balance of the defeased bonds is $388.8 million. These bonds, with interest rates ranging from 5.6% to 7.6%, are to be redeemed on various dates through 2008 at redemption prices varying from 100% to 102%.

13 REVENUE BONDS

The State Constitution empowers certain State agencies and authorities to issue bonds that are not supported by the full faith and credit of the State. The bond indentures include a pledge from these agencies and authorities that income derived from acquired or constructed assets be used to retire the debt and service related interest. In addition, certain authorities have issued debt which is classified as "conduit" debt of the State.

Revenue bonds issued by individual agencies are supported by fees, rentals, tolls assessed to users and loan repayments. Issuing agencies of the primary government include the Illinois Student Assistance Commission (Student Loan Revenue Bonds) and the State Universities Retirement System of Illinois (State Universities Retirement System Special Revenue Bonds). Component unit issuing agencies include the Illinois Housing Development Authority (Housing Development, Multi-Family Housing, Residential Mortgage, Multi-Family Program, Homeowner Mortgage Revenue and Affordable Housing Program Trust Fund Bonds), Illinois State Toll Highway Authority (Construction Revenue Bonds), Illinois Rural Bond Bank (Bond Bank Revenue Bonds), and universities consisting of Chicago State University, Eastern Illinois University, Northeastern Illinois University, Western Illinois University, Illinois State University, Northern Illinois University, Southern Illinois University and the University of Illinois (University Revenue Producing Facilities Construction Bonds). Bonds outstanding (amounts expressed in thousands) at June 30, 1998, net of unamortized discounts, are as follows:

Agency	Amount Outstanding	Interest Rates	Annual Maturity To
Primary Government -			
Enterprise:			
Illinois Student Assistance Commission	$ 1,140,103	3.80% to 18.000%	2032
Trust:			
State Universities Retirement System	17,354	7.25% to 7.450%	2005
Total (Memorandum Only) Primary Government	1,157,457		
Component Unit -			
Proprietary:			
Illinois Housing Development Authority	2,080,246	3.65% to 15.000%	2031
Illinois State Toll Highway Authority	904,240	3.50% to 6.450%	2017
Illinois Rural Bond Bank	74,590	3.80% to 7.300%	2027
	3,039,076		
Universities and Colleges:			
Chicago State University	23,010	5.00% to 6.150%	2023
Eastern Illinois University	42,972	4.15% to 7.100%	2018
Northeastern Illinois University	6,290	4.30% to 6.200%	2017
Western Illinois University	38,756	4.25% to 6.850%	2020
Illinois State University	61,381	4.30% to 7.350%	2016
Northern Illinois University	84,328	4.50% to 10.050%	2022
Southern Illinois University	105,139	4.20% to 6.750%	2023
University of Illinois	364,226	3.00% to 9.700%	2026
	726,102		
Total Component Unit	3,765,178		
Total (Memorandum Only) Reporting Entity	$ 4,922,635		

Changes in revenue bonds during the year ended June 30, 1998 are summarized in Note 15.

Revenue bond debt service requirements, principal and interest, (amounts expressed in thousands) as of June 30, 1998 are as follows:

Year Ending June 30	Primary Government					
	Enterprise		Trust		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
1999	$ 40,913	$ 63,471	$ -	$ -	$ 40,913	$ 63,471
2000	44,767	61,264	-	-	44,767	61,264
2001	41,615	58,755	5,825	-	47,440	58,755
2002	33,935	56,253	-	-	33,935	56,253
2003	29,715	54,121	10,000	-	39,715	54,121
Thereafter	955,795	693,945	10,000	-	965,795	693,945
	$ 1,146,740	$ 987,809	$ 25,825	$ -	$ 1,172,565	$ 987,809
Less: Unaccreted appreciation	528		8,471		8,999	
	$ 1,146,212		$ 17,354		$ 1,163,566	

Year Ending June 30	Component Units					
	Proprietary		University and College		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
1999	$ 90,535	$ 181,802	$ 33,200	$ 24,148	$ 123,735	$ 205,950
2000	76,320	180,854	35,855	23,300	112,175	204,154
2001	80,760	176,679	38,515	22,318	119,275	198,997
2002	84,875	172,326	39,670	21,199	124,545	193,525
2003	88,615	167,695	40,990	20,350	129,605	188,045
Thereafter	2,719,954	1,942,447	839,709	223,398	3,559,663	2,165,845
	$ 3,141,059	$ 2,821,803	$ 1,027,939	$ 334,713	$ 4,168,998	$ 3,156,516
Less: Unaccreted appreciation	85,128		298,083		383,211	
	$ 3,055,931		$ 729,856		$ 3,785,787	

Total principal debt service requirements for the primary government includes bond discounts of $6.1 million for enterprise funds. Component unit bond discounts include $16.9 million for proprietary funds and $3.8 million for university funds.

Illinois Student Assistance Commission (Commission) -

The Commission issues student loan revenue bonds, the proceeds of which are used to purchase student loans from eligible lenders and to issue Stafford subsidized and nonsubsidized loans to Illinois residents. The bonds mature annually in varying amounts, bearing interest ranging from 3.8% to 18%.

Bonds outstanding exclusive of refunding issues may not exceed $2,100 million ($1,140.1 million was outstanding at June 30, 1998, net of $6.1 million of unamortized discounts). All student loans purchased by the Commission and all loans financed from the proceeds of bonds issued, along with all revenues received from or on account of these bonds, are pledged as collateral for the bonds. Any losses are guaranteed as to principal and interest by the

Commission's Guarantee Loan Program, which can be subrogated to the United States Department of Education.

The bond resolutions provide for early retirement for various bond issues at rates ranging from 100% to 102.5% of par value, with premiums decreasing periodically until unmatured bonds can only be retired at par value. Pursuant to the bond resolutions, reserves for bond retirement and interest payments aggregated $75.3 million at June 30, 1998.

Included in the $1,140.1 million of outstanding revenue bonds are $346.6 million of variable rate demand bonds, (Series B, Series C, Series D, Series 1996A and 1996B, Series 1997A, Series 1997B, Series 1998A and Series 1998B), the proceeds of which were used to purchase student loans. The bonds mature at various dates, bearing interest rates as determined by the remarketing agent that would enable the bonds to be sold at a price equal to their principal amount, but not to exceed 18% per annum for the Series B and Series C bonds, 15% per annum for the Series D, Series 1996B, Series 1997B, and Series 1998B bonds, 12% per annum for the Series 1996A bonds, Series 1997A and Series 1998A bonds.

The bonds, if in a weekly or monthly mode, are subject to purchase on demand of the holder at a price equal to principal plus accrued interest on seven days' notice and delivery to the remarketing agent. The remarketing agent is authorized to sell the repurchased bonds at a price equal to their principal amount by adjusting the interest rate.

Irrevocable letters of credit have been issued by various credit facilities in order to permit the Trustee to draw amounts to pay the tender price of the variable rate demand bonds tendered for payment under early redemption and demand provisions of the bond issues. Under these letters of credit, the various credit facilities, acting as tender agent, paying agent, and bond registrar for the respective bond issues are entitled to draw the amount needed (a) to pay interest on the bonds on each interest payment date; (b) to pay principal and interest on the bonds called for redemption; (c) to pay principal and interest on the bonds resulting from an acceleration of maturity due to an event of default; and (d) to pay the tender price of bonds tendered or required to be tendered for purchase which is not to be paid from remarketing proceeds or from certain funds held under the indenture. The letters of credit have variable interest rates ranging from the Federal funds rate plus .5% to 20% per annum and expire at various dates from December 1, 1998 through February 25, 2002. If the remarketing agent is unable to resell any bonds that are "put" within 180 days of the "put" date, the Commission is required to repay the amounts drawn on the letters of credit for the redemption of these bonds. Repayments of amounts drawn on the letters of credit will be made by the Commission from the trustee accounts.

The Commission is required to pay to the credit facilities an origination fee based on the line of credit amounts and thereafter, a quarterly commitment fee based on the available amount of the letters of credit. Quarterly commitment fees currently in effect range from .375% to .55% of the available amount of the letters of credit.

State Universities Retirement System (System)-

The System issued revenue bonds to finance the design, acquisition, construction and equipping of a new permanent administrative office building. The bonds are capital appreciation bonds with interest rates ranging from 7.25% to 7.45%. These bonds are payable solely from and secured by a pledge of and first lien on the net revenues derived from investments of the System. They are not payable from any employer or employee contributions to the System. The bond resolutions do not provide for early redemption prior to maturity. At June 30, 1998, bonds outstanding were $17.4 million.

Illinois Housing Development Authority (IHDA) -

The IHDA was created in 1967 to increase the production of low and moderate income housing in Illinois by providing mortgage loans. The IHDA is authorized to have bonds and notes outstanding in an aggregate principal amount not to exceed $3,600 million exclusive of refunding issues. Bonds issued must mature within 50 years from the date of issue, bearing interest rates as determined by the IHDA. Subsequent to July 1, 1983, the maximum interest rate cannot exceed 11% or 70% of the prime rate, whichever is greater. All revenue bonds issued to provide mortgage loans are secured by first mortgage liens on the related developments.

In the event that IHDA determines that funds will not be sufficient for the payment of the principal of and interest on its bonds during the next succeeding State fiscal period, the Chairman of IHDA shall certify to the Governor on or before September of the then current State fiscal period the amount required by IHDA to enable it to pay such principal and interest. The

Governor shall include the amount so certified in the State budget; however, the General Assembly has no obligation to appropriate funds for IHDA.

At June 30, 1998, bonds outstanding aggregated $2,077.1 million, before unamortized discounts of $16.9 million. Sinking funds established pursuant to bond resolutions at year end aggregated $121.7 million. The bonds mature annually through 2031, bearing interest from 3.65% to 15%. The bonds provide for early redemption at the option of IHDA, in whole or in part, in inverse order of maturity at varying premiums which decrease periodically.

Included within the $2,077.1 million of outstanding revenue bonds are $347.4 million of Multi-Family Program Bonds, $66.5 million of Multi-Family Housing Bonds, $760.8 million of Homeowner Mortgage Revenue Bonds and $102.5 million of Affordable Housing Program Trust Fund Bonds which are not a debt of the State of Illinois and, therefore, the State of Illinois is not liable for them. However, $316.0 million of the Multi-Family Program Bonds are direct and general obligations of the IHDA and the full faith and credit of the IHDA is pledged for their repayment. The remainder of the bonds are special, limited obligations of the IHDA with a claim for payment solely from pledged property.

The IHDA has also issued $69.8 million of Housing Revenue Bonds, Series 1985 which are secured by a joint and several guaranty to provide construction and permanent financing for one development with 600 dwelling units. This guaranty is with Fuji Bank and approved by the bondholders of the Housing Revenue Bonds. In addition, the IHDA has issued $12.4 million of Multi-Family Mortgage Revenue Bonds, Series 1989 which are secured by a guarantee of the Government National Mortgage Association, to provide construction and permanent financing of multi-family housing development of which certain units are intended for occupancy by low to moderate income persons. Also, the IHDA has issued $83.1 million of Multi-Family Housing Revenue Bonds, Series 1991, Series 1993, Series 1995, Series 1997A and Series 1997B. The Series 1991, Series 1995, Series 1997A and Series 1997B bonds were used to finance the costs of acquiring, rehabilitating and equipping multi-family residential rental housing projects. The Series 1993 bonds were used to refund, on a current basis, a portion of the IHDA's Multi-Family Housing Bonds. Additionally, the IHDA has issued $61.8 million of Section 8 Housing Revenue Bonds, the proceeds of which were used to (1) provide financing for the acquisition of several developments, (2) pay issuance costs, and (3) fund debt service reserves. These bonds are special, limited obligations of the IHDA and can only be repaid from payments received with respect to the mortgage loans. The bonds are not a debt of the IHDA or the State of Illinois and neither are liable on the bonds. They are, however, included in the IHDA's authorized debt limitation. As of June 30, 1998, $224.3 million of these bonds were outstanding.

Subsequent to June 30, 1998, IHDA issued Homeowner Mortgage Revenue Bonds, 1998 Subseries D-3 bonds, 1998 Series E bonds, and 1998 Series F bonds in the aggregate principal amount of $68.4 million. The 1998 Series D-3 bonds and the 1998 Series F bonds are subject to mandatory tender no later than June 29, 1999 and October 7, 1999 respectively. The 1998 Series E bonds bear interest at rates ranging from 5.66% to 6.31%, and mature from 2009 through 2029. In addition, the IHDA issued Section 8 Elderly Housing Refunding Revenue Bonds Series 1998 in the amount of $21.4 million. These bonds are special limited obligations of the IHDA, and do not constitute an indebtedness or an obligation of IHDA or the State of Illinois. They do, however, apply toward the IHDA's authorized debt limitation.

Illinois State Toll Highway Authority (THA) -

The THA issued revenue bonds to finance construction of the State toll highway system and to refund in advance of maturity certain outstanding bonds of the Authority. The bond resolutions, with the exception of Series 1996A bonds, provide for early redemption at the option of the THA, in whole or in part, at a cost not to exceed 102% of par value, declining periodically through December 31, 2004. All unmatured bonds outstanding January 1, 2005, are redeemable thereafter at par, with the exception of the Series 1996A bonds. These bonds are not redeemable prior to maturity. In accordance with the provisions of the bond resolutions, debt reserves on deposit with and invested by the Bond Trustee at June 30, 1998, aggregated $157.5 million.

At June 30, 1998, THA had bonds outstanding in the amount of $904.2. These bonds mature at various dates through 2017 and bear interest at rates ranging from 3.5% to 6.45%.

Included within the THA's outstanding revenue bonds are $178.2 million of Series 1993B bonds which are variable rate demand bonds. These bonds mature in 2010, and bear interest rates as determined by the remarketing agent that would result in the market value of the bonds being 100% of the principal amount, plus accrued interest, but not to exceed 22% per annum.

The Series 1993B bonds, if in a daily mode, are subject to purchase by demand of the holder at a price equal to the principal amount plus accrued interest on notice and delivery to the remarketing agent. If the bonds are in any other interest mode except a fixed rate, they are subject to purchase by demand of the holder at the same price but on seven days' notice and delivery to the remarketing agent.

If the remarketing agent is unable to resell any 1993B bonds that are "put," the THA has entered into a reimbursement agreement to purchase the bonds. The purchased bonds rate will be equal to the prime lending rate plus 2% per annum, however, not to exceed 22% per annum. Under an irrevocable letter of credit, the THA is entitled to draw an amount sufficient to pay the purchase price of bonds delivered to it. The letter of credit is valid through December 31, 2009 and such payment shall be made by the delivery of purchased bonds.

The THA was required to pay on the date of closing of the letter of credit, an origination fee of .05% per annum of the face amount of the letter of credit. In addition, the THA must pay .20% per annum of the maximum available amount to be drawn under the letter of credit. In conjunction with the issuance of the Series 1993B bonds, the THA entered into an interest rate swap, to mitigate the effect of changes in interest rates on its demand bonds. The swap effectively changes the THA's interest costs on the $178.2 million Series 1993B bonds due in 2010 to a fixed rate of 4.92% for the life of the bonds. The THA is exposed to credit risk of nonperformance. This risk could result in the THA's not receiving the agreed upon payments if the variable interest rate exceeds 4.92%. However, the THA does not anticipate nonperformance. The amounts shown in the schedule of revenue bond debt service requirements are based on the fixed rate effects of this interest rate swap.

Illinois Rural Bond Bank (Bank) -

The Bank issues revenue bonds and notes whose proceeds are used for (1) the purchase of securities of local Illinois governmental units to include the establishing or increasing reserves in securing the payment of the bonds and/or interest on the bonds and (2) to pay, fund or refund any bonds issued by the Bank. The Bank is authorized to have bonds and notes outstanding in an aggregate original principal amount not to exceed $150 million.

In the event that the Bank determines that funds will not be sufficient for the payment of the principal and interest on its bonds and notes, the Chairman of the Bank shall certify to the Governor, as soon as possible, the amount required by the Bank to enable it to pay such principal and interest. The Governor shall include the amount so certified in the State budget as soon as practically possible; however, the General Assembly has no obligation to appropriate funds for the Bank.

At June 30, 1998, bonds outstanding aggregated $74.6 million. Sinking funds established pursuant to bond resolutions at year end aggregated $1 million. The bonds mature annually through 2027, bearing interest rates from 3.8% to 7.3%. The bonds provide for early redemption at the option of the Bank, in whole or in part, for bonds maturing on various dates between February 1, 2001 through February 1, 2009 at 102% of par, with the premium decreasing periodically until February 1, 2008, after which unmatured bonds can only be redeemed at par value.

Included within the $74.6 million of outstanding revenue bonds are $8.9 million of bonds which do not require the Governor to include in the State budget the amount necessary for payment of principal and interest. Payment of principal and interest on these bonds is guaranteed by financial guaranty bonds.

Subsequent to June 30, 1998, the Bank issued the Bond Bank Revenue Bonds Series 1998 in the amount of $11.1 million. The bonds mature annually from 2000 through 2013 at interest rates ranging from 4% to 4.8%.

Universities and Colleges -

The Boards of Chicago State University, Eastern Illinois University, Northeastern Illinois University, Western Illinois University, Illinois State University, Northern Illinois University, Southern Illinois University, and the University of Illinois (hereinafter the "Boards"), as empowered by enabling acts, have issued various revenue bonds to support construction of student housing and other revenue producing facilities at State universities. These bonds do not constitute general obligations of either the State of Illinois or the Boards but, together with interest thereon, are payable solely from and are secured by, subject to the prior pledge and lien of existing refunded bonds, (i) the net revenues of the Boards; (ii) debt service grants; (iii) income received from certain special accounts; (iv) retained tuition fees (subject to prior payment of related operating and maintenance expenses); (v) certain debt service reserves; (vi) certain repair and replacement reserves; and (vii) the principal of the special accounts arising on refundings, all as defined in the various bond resolutions. In accordance with provisions of the bond

resolutions, debt service funds and reserves on deposit aggregated $171.1 million at June 30, 1998. The bonds are callable prior to their maturity in accordance with the provisions of the bond resolutions, including premiums of up to 5%.

Contingent Liabilities -

Metropolitan Pier and Exposition Authority (McCormick Place) -

In July 1998, the State amended the Metropolitan Pier and Exposition Authority Act (Act) to authorize the issuance of McCormick Place Expansion Project bonds in the aggregate original principal amount of $1,037 million (excluding the amount of any refunding bonds and notes). The Act also authorizes the McCormick Place to levy certain taxes (MPEA Taxes) to secure the bonds and for certain other purposes. The MPEA Taxes would include (i) a sales tax within portions of the City of Chicago on food, alcoholic beverages, and soft drinks sold for consumption on the premises and on certain sales for immediate consumption off the premises, (ii) a tax at the rate of 2.5% of the gross rental receipts of hotels located within the City of Chicago, (iii) a 6% tax on gross receipts of the business of renting automobiles in Cook County, Illinois, (iv) a 6% use tax on automobiles rented outside Illinois which are titled or registered with an agency of the State for use in Cook County, Illinois, and (v) a tax on taxis and livery vehicles ranging from $2 per taxi departure to $27 per bus having a capacity of over 24 passengers. In addition, subject to appropriation, amounts of State sales tax ranging from $68 million for fiscal year 1998 and graduating to $106 million for fiscal year 2007 and thereafter (until 2029) would be available for the payment of debt service on the additional bonds to the extent that the MPEA Taxes are not sufficient for such purpose.

The McCormick Place issued revenue bonds Series 1992A and Series 1994B in the aggregate principal amount of $936.4 million to finance the McCormick Place expansion and certain other improvements to its facilities and Navy Pier. The McCormick Place also issued revenue refunding bonds Series 1994A and Series 1996A in the aggregate principal amount of $636.2 to refund in advance of their maturity $479.1 million of the Series 1992A bonds.

As of June 30, 1998, the outstanding bonds which the State is contingently obligated to pay is $1,174 million. These bonds bear interest at rates ranging from 4.35% to 8.5% with the exception of certain bonds. The Series 1992A and Series 1994B bonds maturing in 2004 in the aggregate principal amount of $13.4 million bear interest at a rate of 50%. These bonds were sold at a premium with an effective yield of 5.88% and 5.8% respectively. The McCormick Place bonds mature annually until 2029.

In addition, as of June 30, 1998, the McCormick Place has $489.3 million of revenue bonds outstanding which have been advance refunded. U. S. Government securities have been deposited in an irrevocable trust with an escrow agent to satisfy all future debt service requirements of these bonds. As a result, these bonds are considered defeased and the State is no longer contingently liable for them.

Subsequent to June 30, 1998, the McCormick Place issued $100.7 million of refunding bonds and $100.0 million of expansion bonds. These bonds mature annually from 2005 through 2029 at interest rates ranging from 4.5% to 5.5% with the exception of the bonds maturing in 2009. These bonds bear interest at a rate of 50% with an effective yield of 4.728%.

Southwestern Illinois Development Authority (SWIDA) -

SWIDA has issued $108.9 million of revenue bonds, the proceeds of which were loaned to several companies for the acquisition of land and construction of various types of facilities. These companies are primarily liable for repayment of the bonds, which are secured by SWIDA loan agreements with the companies. These bonds bear interest rates ranging from 4.4% to 9.25% and mature annually through 2020. The State has accepted a moral obligation to repay the bonds in the event SWIDA and the companies are unable to meet the bonds' repayment commitments.

During 1994, Wood River Township Hospital deposited $9.1 million of cash into an irrevocable trust with an escrow agent to provide for the advance refunding of $8.2 million of bonds maturing through 2003. During 1996, SWIDA issued $2.9 million of refunding revenue bonds which were loaned to McKendree College. The proceeds of the bonds, along with $.3 million of reserves from the Series 1990 bond issue, were deposited by McKendree College into an irrevocable trust with an escrow agent to provide for the advance refunding of $2.6 million Series 1990 bonds maturing through 2011. As a result, the refunded bonds are considered defeased and the State no longer has a moral obligation to repay the bonds.

As of June 30, 1998, the outstanding balance of bonds which the State is morally obligated to repay is $76.5 million. The outstanding balance of the refunded bonds is $8.4 million.

The SWIDA has also issued $127.2 million of revenue bonds, the proceeds of which were loaned to Shell Oil Company, Monsanto Company, Robinson Steel Company, Inc., Anderson Hospital, Kienstra, Inc., BASCC, YMCA of Edwardsville, Illinois-American Water Company, Holten Meat, Inc., and Fiber L.L.C. These bonds are special, limited obligations of the SWIDA and can only be repaid from payments by the above companies. Unlike the bonds in the preceding paragraph, the State has not accepted a moral obligation to repay the bonds in the event the SWIDA and the companies are unable to meet the bonds' repayment commitments. At June 30, 1998, the outstanding balance is $122.5 million.

Subsequent to June 30, 1998, SWIDA issued revenue bonds in the amount of $3.7 million. The proceeds of these bonds together with other available funds were used to refund the outstanding Solid Waste Disposal Revenue Bonds, Series 1994. These bonds carry the moral obligation of the State.

Quad Cities Regional Economic Development Authority (Authority) -

The Authority has issued $27.2 million of revenue bonds, the proceeds of which were loaned to HDC, Inc. and to Thoms-Proestler Company to provide permanent financing for the acquisition and construction of various types of facilities. These companies are primarily liable for repayment of the bonds, which are secured by (i) mortgages and security agreements from HDC, Inc. and Thoms-Proestler Company to the Authority, (ii) a leasehold mortgage and security agreement from HDC, Inc. to the Authority, (iii) an assignment of leases, rents and revenues from HDC, Inc. to the Authority, and (iv) a guaranty by HDC, Inc. to the trustee. The bonds mature semiannually through 2017 and bear interest rates of 8.7% and 9.75% until February 1, 2004, at which time the 9.75% will be reset to 10.25% plus a supplemental coupon rate, if required, whose combined rate is not to exceed the limits of Illinois law. The State has accepted a moral obligation to repay the bonds in the event the Authority and companies are unable to meet the bonds' repayment commitments. At June 30, 1998, the outstanding balance is $25.1 million.

The Authority has also issued $11.8 million of revenue bonds, the proceeds of which were loaned to Whitey's Ice Cream Manufacturers, Inc., Plastic Products Company, Inc. and Steel Warehouse Quad Cities, Inc. These bonds are special, limited obligations of the Authority and can only be repaid from repayments by Whitey's Ice Cream Manufacturers, Inc., Plastic Products Company, Inc. and Steel Warehouse Quad Cities, Inc. Unlike the bonds of the preceding paragraph, the State has not accepted a moral obligation to repay the bonds in the event the Authority or the Company is unable to meet the bonds' repayment commitments. At June 30, 1998, the outstanding balance is $11.3 million.

Subsequent to June 30, 1998, the Authority issued $2 million of revenue bonds, the proceeds of which were loaned to the Plastic Products Company, Inc. The bonds do not carry the moral obligation of the State.

Upper Illinois River Valley Development Authority (UIRVDA) -

The UIRVDA has issued $4 million of revenue bonds, the proceeds of which were loaned to Waste Recovery - Illinois (the Company) to finance the acquisition, construction, equipment and installation of a tire recycling and tire-derived fuel processing facility. The Company is primarily liable for repayment of the bonds, which are secured by an assignment and a pledge of revenues derived from a separate loan agreement between the UIRVDA and the Company. In addition, the bonds will be secured by (i) moneys held by the trustee under a debt service reserve fund established under the indenture, (ii) guaranty agreement from Waste Recovery, Inc., a Texas corporation and a general partner of the Company, to the trustee, and (iii) a separate mortgage and security agreement from the Company to the trustee granting a mortgage lien on and security interest in the project. These bonds mature annually through 2004 and bear an interest rate of 6.5%. The State has accepted a moral obligation to repay the bonds in the event the UIRVDA and the Company are unable to meet the bonds' repayment commitments. At June 30, 1998, the outstanding balance is $2.9 million.

UIRVDA has also issued $16.6 million of revenue bonds, the proceeds of which were loaned to Exolon-Esk Company and General Electric Company. These bonds are special limited obligations of UIRVDA and can only be repaid from payments by Exolon-Esk Company and General Electric Company. Unlike the bonds in the preceding paragraph, the State has not accepted a moral obligation to repay the bonds in the event the UIRVDA and the companies are unable to

meet the bonds' repayment commitments. At June 30, 1998, the outstanding balance is $16.6 million.

Subsequent to June 30, 1998, UIRVDA issued revenue bonds in the amount of $2.9 million which together with other available funds were used to refund the Solid Waste Disposal Revenue Bonds Series 1994. These bonds carry the moral obligation of the State.

Defeased Revenue Bonds -

On February 25, 1998, the Illinois Student Assistance Commission (ISAC) issued $19.3 million of variable rate demand bonds to current refund a like amount of bonds maturing on March 1, 1998. Although, the variable rate bonds have minimum and maximum rate limits, ISAC estimates that the rate will average 4.0% over the life of the bonds.

The current refunding resulted in no difference between the reacquisition price and the net carrying amount of the old debt. However, ISAC estimates an increase in its debt service payments of $9.0 million over the life of the new debt and an economic present value loss of $6.0 million. This debt service increase could range from $7.0 to $21.0 million, depending on interest rate fluctuations applicable to the variable rate debt; likewise, the economic loss could range from $4.0 to $16.0 million.

The State Toll Highway Authority, the Illinois Housing Development Authority, and State universities consisting of Chicago State University, Eastern Illinois University, Western Illinois University, Northern Illinois University, Illinois State University, Southern Illinois University, and the University of Illinois had previously defeased outstanding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the financial statements. On June 30, 1998, $377.7 million of bonds outstanding are considered defeased. These bonds have interest rates ranging from .05% to 10.8% with principal maturing until 2021.

Conduit Debt (not included in financial statements) -

The State of Illinois by action of the General Assembly created various authorities for the express purpose of providing private entities with an available low cost source of capital financing for construction of facilities deemed to be in the public interest. Fees are assessed to recover related processing and application costs incurred. Bonds issued by the authorities represent limited obligations payable solely from payments made by the borrowing entities. The majority of the bonds are secured by the property financed. Upon repayment of a bond, ownership of acquired property transfers to the entity served by the bond issuance. The State has no obligation for this debt. Accordingly, these bonds are not reflected in the accompanying financial statements. At June 30, 1998, recorded amounts of revenue bonds, net of defeased bonds, and notes outstanding (amounts expressed in thousands) as reported by authority officials are as follows:

Authority		Amount Outstanding	Annual Maturity To
Illinois Health Facilities Authority		$ 6,576,867	2033
Illinois Development Finance Authority:			
Environmental facilities	$ 1,435,888		2032
501 (c) 3 not for profit	1,925,348		2036
Industrial development	1,044,856		2032
Infrastructure	519,263		2021
Housing	301,600		2037
Financially distressed city	19,600		2013
Leases and certificates of participation	50,369		2017
		5,296,924	
Illinois Educational Facilities Authority		1,647,288	2032
Illinois Housing Development Authority		224,255	2034
Southwestern Illinois Development Authority		122,540	2028
Illinois Farm Development Authority		85,096	2038
Quad Cities Regional Economic Development Authority		11,329	2012
Upper River Valley Development Authority		16,600	2023
		$ 13,980,899	

14 OTHER LONG-TERM OBLIGATIONS

Other long-term obligations reported in the General Long-Term Obligations Account Group and disclosed below are as follows (in millions):

Description	Reference	Amount
Metropolitan Pier and Exposition Authority (McCormick Place) liability	(A)	$ 326.4
Compensated absences	(B)	511.5
Regional Transportation Authority liability	(C)	483.8
Workers' compensation liability	(D)	53.4
Capital lease obligations	(E)	19.4
Illinois Sports Facilities Authority liability	(F)	30.9
Installment purchase obligations	(G)	21.8
Certificates of participation	(H)	129.7
Other obligations	(I)	9.2
Total Other Long-Term Obligations		$ 1,586.1

(A) Metropolitan Pier and Exposition Authority(Authority) Liability -

In July 1984, and November 1985, the State amended the "Metropolitan Fair and Exposition Authority Act" (Act) to authorize the issuance of $265 and $47.5 million, respectively, for a total authorization of $312.5 million, in additional bonds. Bond proceeds were used (1) to pay construction costs of completing the McCormick Place expansion, (2) to pay the construction costs of projects authorized by the Illinois General Assembly in the future, and (3) to refund any outstanding bonds of the McCormick Place that were issued prior to July 1, 1984. The Act was further amended in July and August 1986 to authorize the issuance of refunding bonds either on a parity with or subordinated to the 1984 and 1985 bonds. In addition, in July 1989 the Act was amended to change the name to Metropolitan Pier and Exposition Authority and to expand its purposes to provide for the acquisition and improvement of the Navy Pier in Chicago.

The Illinois General Assembly also amended certain tax laws in July 1984 and November 1985 to provide for 1.75% of total State sales tax revenues, 3% of 94% of total hotel room rental receipts, and $1.7 million per year out of 7% of State racing tax revenues to be deposited into the Build Illinois Fund, which replaced the Tourism Fund, as collected. The legislation provides for credits to separate accounts within the Build Illinois Fund of which the "McCormick Place Account" is one and has first priority credit of the amounts collected.

In August 1984, the Metropolitan Fair and Exposition Authority issued $252.5 million of bonds at interest rates ranging from 7% to 10.375% and maturing annually through 2014. Additionally, in December 1985, the Authority issued $60.1 million in bonds at interest rates varying from 6% to 8.875% and maturing annually through 2015.

During 1986, the Authority issued 1986 and 1986A Series refunding bonds. The 1986 Series bonds, issued in the amount of $324.2 million with interest rates ranging from 4.9% to 8% and maturing annually through 2014, were used to defease the remaining 1984 Series bonds. The 1986A Series bonds, issued in the amount of $62.6 million with interest rates ranging from 3.75% to 7% and maturing annually through 2015, were used to defease certain callable maturities of 1985 Series bonds. In March 1992, the 1992 Series refunding bonds were issued in the amount of $182.1 million, with interest rates ranging from 4% to 6.75% and maturing annually through 2010, to defease certain callable maturities of 1985 Series bonds and 1986 Series bonds. In July 1995, the 1995 Series refunding bonds were issued in the amount of $54.1 million, with interest rates ranging from 4.3% to 6.25% and maturing annually through 2011, to defease $51.6 million of certain callable maturities of 1986 Series bonds and 1986A Series bonds. The proceeds of the 1986, 1986A, 1992 and 1995 Series bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased

bonds are not included in the financial statements. As of June 30, 1998, the outstanding balance of the defeased bonds was zero.

On July 2, 1997, the Metropolitan Pier and Exposition Authority issued $95.7 million of revenue bonds, with interest rates ranging from 4% to 5.375%, to advance refund the remaining $93.0 million of 1986 Series bonds, with interest rates of 6%. The net proceeds were used to purchase U.S. government securities, which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service requirements of the refunded bonds. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the General Long-Term Obligations Account Group. As of June 30, 1998, the outstanding balance of the defeased bonds was zero. The refunding transaction has reduced the Authority's aggregate debt service payments by $8.4 million, resulting in an economic gain (present value savings) of $5.4 million over the life of the refunded bonds.

As of June 30, 1998, the balance of the bonds outstanding was $326.4 million and is included as "Other Obligations" in the General Long-Term Obligations Account Group. Future McCormick Place debt service requirements (amounts expressed in thousands) at June 30, 1998 are as follows:

Year Ending June 30	Principal	Interest	Total
1999	$ 12,285	$ 19,327	$ 31,612
2000	12,995	18,586	31,581
2001	13,785	17,807	31,592
2002	14,645	16,985	31,630
2003	15,530	16,067	31,597
Thereafter	257,160	97,005	354,165
	$ 326,400	**$ 185,777**	**$ 512,177**

(B) Compensated Absences -

Most employees earn annual leave ranging from 1 to 2 days per month with maximum accumulation ranging from 20 to 50 days. At June 30, 1998, the liability for accrued annual leave was approximately $253.0 million, including salary-related costs of $15.4 million, for the governmental funds.

Until January 1, 1984, sick leave, which generally is earned one day per month with unlimited accumulation, was paid only when an employee was absent due to illness or other acceptable circumstances as outlined by personnel regulations. Effective January 1, 1984, upon death, retirement, resignation or termination from State employment, employees are able to receive payment for one-half of accumulated sick leave earned subsequent to January 1, 1984, or full service credit for such accumulated sick leave under the State Employees Article of the State Pension Code.

During fiscal year 1998, Public Act 90-65 was enacted, which eliminates compensation for sick leave accumulated on or after January 1, 1998. However, the unused sick leave may be used to establish retirement system service credit as provided in the Illinois Pension Code.

At June 30, 1998, the liability for sick leave earned subsequent to January 1, 1984 was $258.5 million, including $15.3 million of salary-related costs. Thus, the State's liability for compensated absences reported in the General Long-Term Obligations Account Group amounted to $511.5 million at June 30, 1998. As explained in Note 1-O, this amount does not include compensated absences liabilities for proprietary funds and component units.

(C) Regional Transportation Authority (Authority) Liability -

The Authority was authorized by the Regional Transportation Authority Act to issue bonds in the principal amount of $100 million on or after January 1, 1990 and increasing $100 million per year until January 1, 1994, for a total authorization of $500 million used for Strategic Capital Improvement Projects (SCIP). These projects were used to acquire, repair or replace public transportation facilities in the metropolitan region as approved by the Governor.

Since June 1992, the Authority has issued $500 million of bonds with interest rates ranging from 3.75% to 9% and maturing annually through 2025.

The bonds are general obligations of the Authority to which the full faith and credit of the Authority is pledged. However, for State fiscal years in which the SCIP bonds are outstanding, the State's assistance shall be transferred monthly from the General Revenue Fund to the Public Transportation Fund for payment in an amount equal to the lesser of monthly debt service on the SCIP bonds, or one-twelfth of the amount of the State's assistance as provided in the authorization. The authorization provided for $40 million for 1996, $50 million for 1997, and $55 million for each year thereafter. Although the amount of the State's assistance is measured by the debt service on the SCIP bonds, the assistance is not pledged for payment of or security for the SCIP bonds. The State's assistance is paid directly to the Authority and may be spent by the Authority at its discretion. As of June 30, 1998, the outstanding balance included in the General Long-Term Obligations Account Group is $483.8 million.

Future Regional Transportation Authority debt service requirements (amounts expressed in thousands) at June 30, 1998 are as follows:

Year Ending June 30	Principal	Interest	Total
1999	$ 7,875	$ 31,562	$ 39,437
2000	8,310	31,145	39,455
2001	8,770	30,690	39,460
2002	9,275	30,202	39,477
2003	9,815	29,677	39,492
Thereafter	439,735	365,534	805,269
	$ 483,780	**$ 518,810**	**$ 1,002,590**

(D) Workers' Compensation Liability –

The workers' compensation liability has been determined using claims outstanding and a projection of claims to be submitted, based upon prior years' experience of the State. Claims that will be liquidated with expendable available financial resources have been recorded as a liability in the General Fund, Road Fund and Mental Health Fund (Special Revenue Funds), in the amounts of $33.3, $15.7 and $21.0 million, respectively. The remaining portion of the liability, $53.4 million as of June 30, 1998, is included in the General Long-Term Obligations Account Group. Of this liability, $28.4, $10.0 and $15.0 million are expected to be paid from future resources of the General Fund, the Road Fund and the Mental Health Fund, respectively. In addition, an $8.6 million workers' compensation liability has been included in the University and College fund types included in component units.

(E) Lease Commitments –

The State leases land, office facilities, office and computer equipment and other assets. Although lease terms vary, certain leases are renewable subject to appropriation by the General Assembly. If renewal is reasonably assured, leases requiring appropriation by the General Assembly are considered noncancelable leases for financial reporting purposes. At June 30, 1998, assets capitalized under capitalized leases included in property, plant and equipment (amounts expressed in thousands) are as follows:

	Primary Government		
	General Fixed Assets	Proprietary Fund Types	Component Units
Land and land improvements			$ 895
Buildings and building improvements	$ 4,032	$ 1,808	3,535
Equipment	18,444	3,179	25,820
	22,476	4,987	30,250
Less: Accumulated depreciation		903	1,812
	$ 22,476	**$ 4,084**	**$ 28,438**

Future minimum commitments for noncancelable leases (amounts expressed in thousands) as of June 30, 1998 are as follows:

Primary Government

Year Ending June 30	Operating Leases	Capitalized Leases: General Long-Term Obligations	Capitalized Leases: Proprietary Fund Types	Total
1999	$ 87,334	$ 5,457	$ 754	$ 93,545
2000	74,107	3,704	646	78,457
2001	58,785	3,118	426	62,329
2002	31,392	2,680	266	34,338
2003	13,155	2,449	210	15,814
Thereafter	15,759	8,705	420	24,884
Total minimum lease payments	**$ 280,532**	26,113	2,722	**$ 309,367**
Less amounts representing interest		6,722	340	
Present value of net minimum lease payments		**$ 19,391**	**$ 2,382**	

Component Units

Year Ending June 30	Operating Leases	Capitalized Leases: University and College Funds	Capitalized Leases: Proprietary Fund Types	Total
1999	$ 5,940	$ 4,752	$ 43	$ 10,735
2000	4,795	3,134	31	7,960
2001	3,747	1,680	22	5,449
2002	2,755	916	2	3,673
2003	1,786	466	-	2,252
Thereafter	3,680	2,438	-	6,118
Total minimum lease payments	**$ 22,703**	13,386	98	**$ 36,187**
Less amounts representing interest		1,389	6	
Present value of net minimum lease payments		**$ 11,997**	**$ 92**	

Rental payments (amounts expressed in thousands) for operating leases charged to operations during the year ended June 30, 1998 aggregated $264,596 for the primary government and $18,700 for component units.

(F) Illinois Sports Facilities Authority (Authority) Liability -

The Authority is authorized by the Illinois Sports Facilities Authority Act to issue bonds in the principal amount of $150 million to be used for providing sports stadiums for professional sports teams. On March 1, 1989, $150 million of bonds were issued with interest rates ranging from 6.8% to 7.875% and maturing annually through 2010.

The bonds are secured by payments from the Illinois Sports Facilities Fund that consist of annual payments of $5 million from the State's Hotel Operator's Occupation Tax, $8 million from the Authority's Hotel Tax and $5 million from the City of Chicago's share of the Local Government Distributive Fund. The State's maximum liability is limited to $13 million annually, but the State anticipates that $8 million, derived from the Authority's Hotel Tax, will reduce this liability to $5 million annually. In fiscal year 1998, receipts from the Authority's Hotel Tax totaled $21.6 million. As of June 30, 1998, the State's share of the outstanding principal balance was $30.9 million.

The State (and non-State) share of future Illinois Sports Facilities Authority debt service requirements (amounts expressed in thousands) at June 30, 1998 are as follows:

Year Ending	State Share		Non-State Share		Total	
June 30	Principal	Interest	Principal	Interest	Principal	Interest
1999	$ 1,662	$ 2,406	$ 4,323	$ 6,255	$ 5,985	$ 8,661
2000	1,788	2,282	4,647	5,933	6,435	8,215
2001	1,921	2,148	4,994	5,585	6,915	7,733
2002	2,067	2,002	5,373	5,205	7,440	7,207
2003	2,225	1,844	5,785	4,794	8,010	6,638
Thereafter	21,276	7,204	55,319	18,731	76,595	25,935
	$ 30,939	**$ 17,886**	**$ 80,441**	**$ 46,503**	**$ 111,380**	**$ 64,389**

(G) Installment Purchase Obligations -

The State has acquired certain land, office facilities, office and computer equipment, and other assets through installment purchase arrangements. Future commitments under installment purchase contracts (amounts expressed in thousands) as of June 30, 1998 are as follows:

	Primary Government					Component Units		
Year Ending June 30	General Long-Term Obligations Principal	General Long-Term Obligations Interest	Proprietary Fund Types Principal	Proprietary Fund Types Interest	Total	University and College Funds Principal	University and College Funds Interest	Total
1999	$ 12,376	$ 591	$ 9,469	$ 256	$ 22,692	$ 3,435	$ 904	$ 4,339
2000	6,262	331	938	9	7,540	3,049	715	3,764
2001	2,233	131	9	-	2,373	2,223	569	2,792
2002	845	50	-	-	895	1,320	469	1,789
2003	42	2	-	-	44	896	405	1,301
Thereafter	-	-	-	-	-	7,010	3,001	10,011
Total future commitments.....	**$ 21,758**	**$ 1,105**	**$ 10,416**	**$ 265**	**$ 33,544**	**$ 17,933**	**$ 6,063**	**$ 23,996**

(H) Certificates of Participation -

State-issued Certificates of Participation. The State is authorized to issue certificates of participation ("certificates") representing the right to receive a proportionate share in lease-purchase or installment purchase payments to be made for the benefit of State agencies for the acquisition or improvement of real or personal property, refinancing of such property, payment of expenses of such property, or payment of expenses related to the issuance. During fiscal year 1996, the State, acting by and through the Bureau of the Budget, issued $38.8 million of these certificates to provide for the construction and lease purchase of certain correctional facilities to be operated by the Department of Corrections at various sites within the State. The certificates have interest rates ranging from 4.15% to 6.375% and maturing annually through 2017. The outstanding balance of the certificates as of June 30, 1998 included in the General Long-Term Obligations Account Group is $38.3 million.

The University of Illinois has also issued certificates of participation representing the right to receive a proportionate share of lease-purchase or installment payments. On August 1, 1990, the University of Illinois issued $3.3 million of the certificates, with an interest rate of 7.25% and maturing in 2000, to finance the construction of a facility to house academic units in Area Studies and International Programs. On January 1, 1991, $16.8 million of the certificates were issued, at interest rates ranging from 5.9% to 6.4% and maturing annually through 1998, to finance the acquisition and installation of and the construction of a building for an electrical and high temperature hot water cogeneration system. On April 1, 1995, $29.9 million of the certificates were issued, at interest rates ranging from 4.1% to 5.4% and maturing semi-annually through 2005, to finance the purchase of a firm supply of natural gas from MidCon Gas Services Corporation. On September 15, 1997, $46.0 million of the certificates were issued, at interest rates ranging from 4% to 5.75% and maturing annually through 2009, to finance various utility system development projects. The outstanding balance of the certificates as of June 30, 1998 is $74.9 million and is included as "Other Obligations" in the component units.

Non-State-issued Certificates of Participation. The State also finances the purchase of certain state-owned real and personal property through third party (non-State issued) certificates. These non-State issued certificates are sold by private concerns and are repaid by State agency appropriations pursuant to installment purchase agreements. The outstanding balance of non-State issued certificates included in the General Long-Term Obligations Account Group as of June 30, 1998 is $91.4 million. There are no outstanding non-State issued certificates in the component units as of June 30, 1998.

Future commitments by the State to make installment payments to pay for the assets acquired and related financing costs for State and non-State issued certificates (amounts expressed in thousands) at June 30, 1998 are as follows:

Year Ending June 30	Certificates of Participation — General Long-Term Obligations Account Group					
	State Issued		Non-State Issued		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
1999	$ 1,140	$ 2,133	$ 3,650	$ 5,318	$ 4,790	$ 7,451
2000	1,190	2,080	3,840	5,125	5,030	7,205
2001	1,240	2,023	4,075	4,916	5,315	6,939
2002	1,295	1,962	4,325	4,688	5,620	6,650
2003	1,360	1,896	4,570	4,442	5,930	6,338
Thereafter	32,075	16,286	70,955	31,489	103,030	47,775
	$ 38,300	**$ 26,380**	**$ 91,415**	**$ 55,978**	**$ 129,715**	**$ 82,358**

Year Ending June 30	Certificates of Participation — Component Unit					
	State Issued		Non-State Issued		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
1999	$ 7,145	$ 3,813	-	-	$ 7,145	$ 3,813
2000	6,165	3,463	-	-	6,165	3,463
2001	6,790	3,145	-	-	6,790	3,145
2002	6,375	2,821	-	-	6,375	2,821
2003	6,695	2,500	-	-	6,695	2,500
Thereafter	41,680	7,490	-	-	41,680	7,490
	$ 74,850	**$ 23,232**	**$ -**	**$ -**	**$ 74,850**	**$ 23,232**

(I) Other Obligations -

The State's risk financing of auto liability, determined using an estimate of claims outstanding, approximates $2.6 million as of June 30, 1998. Both the General Fund and the Road Fund have recorded liabilities of $1.3 million that will be liquidated with expendable available resources.

Also, as of June 30, 1998, commitments under service related contracts aggregated $10.3 million that require debt service payments of $9.2 million principal and $1.1 million interest through December 31, 2002.

In addition, the Tax Reform Act of 1986 requires issuers of state and local government bonds to rebate to the federal government arbitrage profits earned on those bonds under certain circumstances. In accordance with this requirement, it was determined that there was an arbitrage rebate liability of $26 thousand as of June 30, 1998.

The total of "Other Obligations" recorded in the General Long-Term Obligations Account Group as of June 30, 1998 is $9.2 million.

(J) Metropolitan Exposition Auditorium and Office Building Authorities -

The General Assembly, through adoption of the "Metropolitan Civic Center Support Act" (Support Act), created the Metropolitan Exposition Auditorium and Office Building Fund (Fund) into which 33.5% of all monies received by the State as horse racing taxes are deposited. At June 30, 1998, the balance of the Fund is $31.7 million. The purpose of the Fund is to secure and retire a proportionate share of locally issued revenue bonds, the proceeds of which were used to construct local civic and exposition centers. The Support Act was amended in September 1985 to provide State financial support by issuing direct, limited obligation revenue bonds for the advanced refunding of any civic center bond issued before July 1, 1985 and for newly certified applicants after July 1, 1985. It was further amended to increase the limitation of the aggregate amount of principal issued and outstanding in State and local bonds subject to State financial support for all Authorities from $75 million to $200 million. In addition, further restrictions exist as to the amount to be committed on behalf of any single taxing authority.

On December 15, 1985, the State defeased previous State supported guarantees by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the State supported guarantees. Accordingly, the trust account assets and the liability for the guarantees are not included in the State's financial statements. The bonds used to defease the State supported guarantees are further discussed in Note 12, Special Obligation Bonds.

At June 30, 1998, the unpaid principal on State supported guarantees (amounts expressed in thousands) are as follows:

Authority	Amount Defeased	Interest Rates	Annual Maturity To
DeKalb	$ 2,125	10.85%	2003
Joliet	1,500	9.40%	2003
	$ 3,625		

Beginning July 1, 1985, the following newly certified local governmental units have received grants ranging from $.4 to $20 million through June 30, 1998:

Quad Cities	Bureau County	Aledo
Rosemont	Orland Park	Benton
Centre East	Knox County	Herrin
Quincy	River Forest	Rockford
Peoria	Aurora	Bowdre Township
Ogle County	Pekin	Mason County
Collinsville	LaSalle County	

15 CHANGES IN LONG-TERM OBLIGATIONS

Changes in long-term obligations (amounts expressed in thousands) for the year ended June 30, 1998 are summarized as follows:

	Proprietary and Other		General Long-Term Obligations Account Group			
	Notes Payable (Note 9)	Revenue Bonds (Note 13)	Accrued Retirement Costs (Note 10)	General Obligation Bonds (Note 11)	Special Obligation Bonds (Note 12)	Other Long-Term Obligations (Note 14)
Balances at July 1, 1997, as originally reported	$ 102,099	$ 4,687,976	$ 10,556,544	$ 5,654,397	$ 1,885,167	$ 1,621,786
Adjustment to prior year balance for JRS and SURS due to changes in actuarial calculations			(207,230)			
Balances at July 1, 1997, as restated	102,099	4,687,976	10,349,314	5,654,397	1,885,167	1,621,786
Primary Government:						
Compensated absences earned						387,647
Decrease in workers' compensation liability						(1,920)
Debt issues		219,075		718,331 *	183,065 *	95,075 *
Increase in lease and installment purchase obligations						12,004
Compensated absences taken						(390,732)
Amortization of bond discounts and bond issuance costs		444				
Amortization of deferred amounts on bond refundings		385				
Increase in accreted value of capital appreciation bonds		1,797		109,809	11,099	
Principal retirements and terminations		(31,382)		(596,433)	(247,025)	(139,906)
Excess of annual pension cost ("APC") over employer contributions from governmental fund types			955,348			
Other						2,173
Total Primary Government	**$ -**	**$ 190,319**	**$ 955,348**	**$ 231,707**	**$ (52,861)**	**$ (35,659)**
Component Units:						
Debt Issues	631	441,431				
Amortization of bond discounts and bond issuance costs		670				
Amortization of deferred amounts on bond refundings		386				
Increase in accreted value of capital appreciation bonds		24,038				
Principal retirements and terminations	(637)	(422,185)				
Total component units	**(6)**	**44,340**	**-**	**-**	**-**	**-**
Balances at June 30, 1998	**$ 102,093**	**$ 4,922,635**	**$ 11,304,662**	**$ 5,886,104**	**$ 1,832,306**	**$ 1,586,127**

*The debt issues amount represents the gross issuance amount and not the net proceeds that are reported in the operating statements.

16 FUND EQUITY

Fund equity reservations and designations not displayed separately on the combined balance sheet (amounts expressed in thousands) at June 30, 1998 consisted of the following:

	Fund Types						Total (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Expendable Trust	Primary Government	Component Units
Fund Equity:								
Retained Earnings:								
Reserved for:								
Revenue bond and note retirement					$ 87,256		$ 87,256	$ 280,249
High risk insurance program and other					29,916		29,916	66,905
Total reserved retained earnings					**$ 117,172**		**$ 117,172**	**$ 347,154**
Fund Balances:								
Reserved for other:								
Long-term portion of:								
Federal highway program receivable		$ 137,646					$ 137,646	
Intergovernmental receivables	$ 372						372	$ 4,500
Other receivables		2,709					2,709	
Loans and notes receivable	35,590	641,058	$ 25,500				702,148	103,292
Encumbrances	81,917	1,275,557		$ 295,171		$ 969	1,653,614	61,931
Inventories	32,210	39,488					71,698	
Restricted fund balances							-	572,422
Endowment and similar funds							-	770,433
Unemployment Comp. Benefits						2,166,688	2,166,688	
Other	3,758	12,215				1,587	17,560	26,176
Total fund balances reserved for other	**$ 153,847**	**$ 2,108,673**	**$ 25,500**	**$ 295,171**		**$ 2,169,244**	**$ 4,752,435**	**$ 1,538,754**
Unreserved:								
Designated for:								
Debt service			$ 719,186				$ 719,186	
Other								$ 14,077
Total unreserved, designated fund balances			**$ 719,186**				**$ 719,186**	**$ 14,077**

As disclosed in note 1-R, the above fund equity reservations are not available to finance current operations of State government at the balance sheet date or are legally restricted to a specific future use. In governmental funds, the reserves represent portions of asset accounts that are noncurrent.

Specifically, the $137,646 Federal highway program receivable is due from the Federal government and will be received upon the Federal government increasing their grant amount to exceed their apportionment authorization.

B. During the year, contributed capital increased pursuant to the following schedule (amounts expressed in thousands):

	Contributed Capital 7/1/97	Fixed Assets Additions	Fixed Assets Deletions	Contributed Capital 6/30/98
Primary Government -				
Internal Service:				
Central Management Services:				
Statistical Services Revolving Fund	$ 8,157			$ 8,157
Department of Corrections:				
Working Capital Revolving Fund	9,129	$ 50		9,179
Other	1,837			1,837
Total Internal Service	18,960	50	-	19,173
Total (Memorandum Only) Primary Government	**19,123**	**50**	**-**	**19,173**
Component Unit -				
Development Finance Authority	18,508			18,508
Farm Development Authority	12,232			12,232
Other	2,790			2,790
Total Component Unit	**33,530**			**33,530**
Total (Memorandum Only) Reporting Entity	**$ 52,653**	**$ 50**	**$ -**	**$ 52,703**

17 FUND DEFICITS

Primary Government:

The State's General Fund, from which a significant portion of day to day operating expenditures are paid, has a GAAP deficit aggregating $213 million at June 30, 1998, although the cash basis fund balance at that date was $1,202 million. This deficit results from recognition of fund liabilities significantly in excess of accrued revenues.

The Drivers Education Fund of the State Board of Education (reported as a special revenue fund) has a deficit at June 30, 1998, aggregating $13.2 million, resulting from reimbursement to school districts for drivers education program costs incurred in the current year but not paid until the subsequent year.

The Mental Health Fund of the Department of Human Services (reported as a special revenue fund) has a deficit at June 30, 1998, aggregating $11.9 million, resulting from workers' compensation claims incurred in the current year but not paid until the subsequent year.

The Local Government Health Insurance Reserve Fund (reported as an enterprise fund) has a deficit at June 30, 1998, aggregating $73 thousand, resulting from a rate structure which was insufficient to support claims paid in the current year. The rate structure was amended in the subsequent year to ensure payments received would support future claims.

The above Governmental Funds' deficits will be eliminated by future revenue increases and/or expenditure reductions in the following year(s).

18 CONDENSED FINANCIAL STATEMENTS-DISCRETELY PRESENTED COMPONENT UNITS

Condensed financial statements (amounts expressed in thousands) for the State's discretely presented component units for the fiscal year ended June 30, 1998 are as follows:

CONDENSED FINANCIAL STATEMENTS-DISCRETELY PRESENTED COMPONENT UNITS:
BALANCE SHEETS

	Governmental			Proprietary		
	Illinois Conser-vation Foundation	East St. Louis Fin'l Adv Authority	Develop-ment Finance Authority	Housing Development Authority	Illinois Medical District Commission	Non-Major Component Units
Assets:						
Due from other funds					$ 237	
Due from primary government	$ 1					$ 47
Other current assets	844	$ 4,543	$ 4,700	$ 161,386	410	3,428
Property, plant, and equipment					11,777	199
Other assets	4				52	
Total assets	$ 849	$ 4,543	$ 4,700	$ 161,386	$ 12,476	$ 3,674
Liabilities:						
Due to other funds			$ 1	$ 1,184	$ 188	
Due to primary government				1		
Other current liabilities	$ 8				333	
Bonds payable						
Other long-term liabilities						
Total liabilities	8	-	1	1,185	521	-
Equity:						
Contributed capital						
Investment in fixed assets					11,777	$ 199
Retained earnings						
Fund balance	841	$ 4,543	4,699	160,201	178	3,475
Total equity	841	4,543	4,699	160,201	11,955	3,674
Total liabilities and equity	$ 849	$ 4,543	$ 4,700	$ 161,386	$ 12,476	$ 3,674

(Continued)

CONDENSED STATEMENTS-DISCRETELY PRESENTED COMPONENT UNITS:
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND EQUITY

	Governmental						
	Illinois Conser-vation Foundation	East St. Louis Fin'l Adv Authority	Develop-ment Finance Authority	Housing Development Authority	Illinois Medical District Commission	Non-Major Component Units	Total
Revenues	$ 1,176	$ 356		$ 49,311	$ 987	$ 355	$ 52,185
Expenditures							
Current	911	15		11,925	1,105	250	14,206
Capital outlays					65		65
Debt service					12		12
Transfers (out)			$ (24)	(7,867)			(7,891)
Excess (deficiency of revenues over (under) expenditures	265	341	(24)	29,519	(195)	105	30,011
Fund balance - beginning	576	4,202	4,723	130,682	373	3,370	143,926
Fund balance - ending	$ 841	$ 4,543	$ 4,699	$ 160,201	$ 178	$ 3,475	$ 173,937

(Continued)

CONDENSED FINANCIAL STATEMENTS-DISCRETELY PRESENTED COMPONENT UNITS:
BALANCE SHEETS

(Continued)

	Proprietary					University and College			University and Co
Comprehensive Health Insurance Board	Housing Development Authority	Rural Bond Bank	State Toll Highway Authority	Non-Major Component Units	Chicago State University	Eastern Illinois University	Governor's State University	Northeastern State University
	$ 21,492			$ 4,183	$ 3,188	$ 15		$ 314
			$ 158		240	935	$ 2,044	372
$ 82,226	488,291	$ 25,430	403,187	48,514	13,161	83,637	11,097	18,906
114	752	39	1,843,081	149	109,949	178,313	71,941	119,516
	2,053,527	85,307	157,541	15,381	326	727	1,117	2
$ 82,340	$ 2,564,062	$ 110,776	$ 2,403,967	$ 68,227	$ 126,864	$ 263,627	$ 86,199	$ 139,110
	$ 20,308	$ 12		$ 4,182	$ 3,182			$ 314
$ 6		1	$ 974	1		$ 148	$ 74	75
16,579	407,195	5,417	126,540	6,300	18,753	37,410	13,453	19,537
	1,919,206	71,295	876,405		23,010	42,972		6,290
	1,182	30,000		89	2,535	10,234	814	4,190
16,585	2,347,891	106,725	1,003,919	10,572	47,480	90,764	14,341	30,406
		2,790		30,740				
					84,404	131,688	71,127	112,706
65,755	121,659	1,049	157,541	1,150				
	94,512	212	1,242,507	25,765	(5,020)	41,175	731	(4,002)
65,755	216,171	4,051	1,400,048	57,655	79,384	172,863	71,858	108,704
$ 82,340	$ 2,564,062	$ 110,776	$ 2,403,967	$ 68,227	$ 126,864	$ 263,627	$ 86,199	$ 139,110

(Continued)

CONDENSED STATEMENTS-DISCRETELY PRESENTED COMPONENT UNITS:
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY
(Continued)

	Proprietary					
	Comprehensive Health Insurance Board	Housing Development Authority	Rural Bond Bank	State Toll Highway Authority	Non-Major Component Units	Total
Operating revenues	$ 20,977	$ 291,916	$ 5,966	$ 330,713	$ 7,423	$ 656,995
Operating expenses:						
Depreciation	50	278	8	131,421	113	131,870
Other	43,551	174,521	6,007	175,546	6,582	406,207
Operating income (loss)	(22,624)	117,117	(49)	23,746	728	118,918
Other non-operating revenue (expense)	12,612	(98,972)		29,061	2,071	(55,228)
Transfers-in (out)		7,865			24	7,889
Transfers from (to) primary government	17,324		261	(154)		17,431
Net income for the year	7,312	26,010	212	52,653	2,823	89,010
Equity-beginning, as restated	58,443	190,161	1,049	1,347,395	24,092	1,621,140
Contributed capital			2,790		30,740	33,530
Equity-ending	$ 65,755	$ 216,171	$ 4,051	$ 1,400,048	$ 57,655	$ 1,743,680

CONDENSED FINANCIAL STATEMENTS-DISCRETELY PRESENTED COMPONENT UNITS: BALANCE SHEETS

(Continued)

	University and College (continued)					
	Western Illinois University	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois	Total
Assets:						
Due from other funds		$ 287	$ 1,021	$ 7,496	$ 11,436	$ 49,669
Due from primary government	$ 1,340	1,867	3,049	8,571	185,116	203,740
Other current assets	51,361	112,099	102,693	236,591	1,403,545	3,256,049
Property, plant, and equipment	246,432	394,636	470,433	752,030	3,237,611	7,436,972
Other assets		258	2,455	12,531	16,577	2,345,805
Total assets	$ 299,133	$ 509,147	$ 579,651	$ 1,017,219	$ 4,854,285	$ 13,292,235
Liabilities:						
Due to other funds	$ 2	$ 295	$ 1,035	$ 5,568	$ 13,398	$ 49,669
Due to primary government	508	145	42	3,098	11,950	17,023
Other current liabilities	34,532	31,724	51,254	113,205	422,533	1,304,773
Bonds payable	38,756	61,381	84,328	105,139	364,226	3,593,008
Other long-term liabilities	650	3,034	12,431	5,335	143,607	214,101
Total liabilities	74,448	96,579	149,090	232,345	955,714	5,178,574
Equity:						
Contributed capital						$ 33,530
Investment in fixed assets	206,557	348,468	372,521	657,445	2,859,441	4,856,333
Retained earnings						347,154
Fund balance	18,128	64,100	58,040	127,429	1,039,130	2,876,644
Total equity	224,685	412,568	430,561	784,874	3,898,571	8,113,661
Total liabilities and equity	$ 299,133	$ 509,147	$ 579,651	$ 1,017,219	$ 4,854,285	$ 13,292,235

19 SEGMENT INFORMATION - ENTERPRISE FUNDS

Selected financial information by enterprise fund segment (amounts expressed in thousands) is as follows:

Primary Government	Department of Lottery	Student Assistance Commission	Other	
	State Lottery (1)	(2)	(3)	Total
Operating revenues	$ 1,541,738	$ 88,097	$ 249,774	$ 1,879,609
Depreciation	685	130	666	1,481
Operating income (loss)	535,044	9,523	(29,555)	515,012
Operating transfer-in	2	-	26,099	26,101
Operating transfer-out	533,195	641	3,712	537,548
Nonoperating revenues	99	880	3,470	4,449
Nonoperating expenses	-	1,902	257	2,159
Net income (loss)	1,950	7,860	(3,955)	5,855
Property, Plant and Equipment:				
Additions	391	189	785	1,365
Deletions	368	-	185	553
Net working capital	28,533	(218,900)	41,313	(149,054)
Total assets	170,701	1,344,228	84,266	1,599,195
Bonds and other long-term liabilities payable from:				
Operating revenues	-	752,590	-	752,590
Other revenues	74,480	-	-	74,480
Total equity	29,916	87,256	48,984	166,156

The above referenced organizations and activities generate enterprise fund revenues as follows:

(1) Illinois State Lottery revenues and operations.

(2) Administration of State-authorized financial aid programs for post-secondary students in Illinois.

(3) Service and processing fees charged by the following board, departments, and commissions for their operations:

Board
Board of Admissions to the Bar

Departments
Central Management Services
Corrections
Human Services
Insurance
Veterans' Affairs

Commissions
Attorney Registration & Disciplinary Commission
Office of Banks and Real Estate
Illinois Industrial Commission

20 RISK MANAGEMENT

Insurance in force on State-owned assets is limited except for certain university facilities. Further, the State makes no provision for anticipated losses in the event of involuntary conversions. The State's liability exposures, including workers' compensation, vehicle, employee fidelity and surety, legal representation and employee indemnification, general liability, and other tort liability are retained. Liabilities for claims, including claims incurred but not reported, are recorded in the funds or the General Long-Term Obligations Account Group as appropriate. Claims liabilities are carried at present value, discounted at 4.95%, the average interest rate for fiscal year 1998 general obligation debt issues. The amounts are based on actual claims that are outstanding, historical trend data and known inflation and cost of living factors. The State purchases minimal commercial insurance. There were no significant reductions in insurance coverage from the prior fiscal year. The amount of settlements has not exceeded insurance coverage in the past three fiscal years. A reconciliation of the State's claims liabilities for its major claims categories for the current fiscal year and prior fiscal year (amounts expressed in thousands) is as follows:

	Changes in Claims Liability Balances			
Year Ended June 30	Beginning Balance	Claims Incurred	Decreases	Ending Balance
1997	$ 101,478	$ 19,810	$ 58,798	$ 62,490
1998	$ 62,490	$ 62,569	$ 66,164	$ 58,895

The State administers two public entity risk pools for non-state employers - one for local governments and another for school districts. The Local Government Health Insurance Reserve Fund offers a health insurance program to local governments for its employees and retirees and the Teacher Health Insurance Security Fund offers to school districts health insurance for its teachers and retirees. These funds are included as enterprise funds in the State's CAFR. Detailed information on these programs can be obtained from the Department of Central Management Services, which administers both plans. Separate audit reports are issued for both plans and include the required pool supplementary information.

21 YEAR 2000 DISCLOSURES

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the State's operations as early as fiscal year 1999. The Year 2000 issue refers to the fact that many computer programs use only the last two digits to designate a year. Therefore, both 1900 and 2000 would be referred to as "00." Computer programs have to be adjusted to recognize the difference between those two years or the programs will fail or create errors. Also, some programs may not be able to recognize that 2000 is a leap year. Further, the Year 2000 issue could affect electronic equipment – such as environmental systems, elevators, and vehicles – containing computer chips that have date recognition features.

With the enactment of Public Act 90-666, which was effective July 30, 1998, the State of Illinois created a Year 2000 Technology Task Force ("Task Force").

The Task Force is composed of several elected constitutional State officials, including four members of the General Assembly, the Auditor General, the Chief Justice of the Supreme Court, two representatives from municipalities, townships and counties, and seven representatives from major critical mission agencies.

The information provided in this note was taken from information contained in (1) the November 30, 1998 Task Force's Preliminary Report and (2) agency survey information collected and summarized by the Governor's Illinois Year 2000 Project Office for the quarter ended September 30, 1998.

In completing the **Awareness Stage**, the Task Force issued its Preliminary Report on November 30, 1998. The awareness stage is the first stage necessary to implement a Year 2000 compliant system. An organization establishes a budget and project plan for dealing with the Year 2000 issue.

The State of Illinois completed the **Assessment Stage**, which is the second stage necessary to implement a Year 2000 compliant system. The assessment stage includes inventorying computer systems and other electronic equipment that may be affected by the Year 2000 issue and are necessary to conduct State operations. Also, this stage identified mission critical systems and equipment. Based on this inventory, agencies reporting have identified and determined 381 systems are critical (directly or indirectly required to support the health, welfare, revenue and public safety of Illinois citizens or whose failure could impact continued and uninterrupted operation.)

Progress has been made in the **Remediation Stage** on the critical systems effort. During this third stage, each agency actually makes changes to systems and equipment. This stage involves the technical issues of converting existing systems, or switching to compliant systems.

Reporting agencies expect all Year 2000 projects, including the **Validation/Testing Stage**, to be completed by December 31, 1999. However, the Task Force's Preliminary Report states "nevertheless, there are signs the assessments and projections provided by the agencies may be too optimistic." The validation/testing stage is the final stage necessary to complete the Year 2000 compliant implementation. At this stage, an agency validates and tests the changes made during the remediation stage.

The State's major University component units, the University of Illinois, Southern Illinois University, Northern Illinois University, and Illinois State University did not early implement the provisions of GASB Technical Bulletin 98-1. The independent auditor's report on each respective component unit's financial statements was dated prior to November 1, 1998. Consequently, disclosures on Year 2000 issues under GASB Technical Bulletin 98-1 for these major component units are not available for inclusion in this report.

The State's annual budgetary process does not readily support multi-year contracts. Therefore, the amount of the outstanding commitments applicable to Year 2000 vendors at June 30, 1998 was minimal and not informative in assessing the State's expected current external costs. However, reporting agencies have estimated in the aforementioned Task Force Survey that the total cost of completing the Year 2000 projects will exceed $100 million. Further, since all agencies have not reported the information on costs for completing the Year 2000 issues, the total estimated costs are not determinable at this time.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation effort will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the State is or will be Year 2000 ready, that the State's remediation efforts will be successful in whole or in part, or that parties with whom the State does business will be Year 2000 ready.

22 CONTINGENCIES

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all State employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the State (without being restricted to the provisions of benefits under the plan), subject only to the claims of the State's general creditors. Participants' rights under the plan are equal to those of general creditors of the State in an amount equal to the fair value of the deferred account for each participant.

The State has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The State believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

GASB Statement 32 is effective for financial statements for periods beginning after December 31, 1998 or when plan assets are held in trust under the requirements of IRC Section 457 subsection (g), if sooner. The laws governing these plans were changed to state that, as of August 20, 1996, new plans would not be considered eligible plans "unless all assets and income of the plan described in subsection (b) (6) are held in trust for the

exclusive benefit of the participants." Existing plans also are required to comply with this requirement by January 1, 1999. The State of Illinois Deferred Compensation Plan will comply with the new requirement by establishing the appropriate trust prior to January 1, 1999. Thus, in accordance with GASB Statement 32, the Illinois Deferred Compensation Plan will be reported as an "expendable trust" in the State's CAFR for fiscal year 1999.

The State Lottery has entered into agreements with insurance companies under which the Lottery purchases annuities under group contracts which provide payments corresponding to the Lottery's obligation to prize winners. The State would be liable for such future payments if the insurance companies defaulted on their payment obligation. At June 30, 1998, the Lottery had purchased annuity contracts to fund future installment payments aggregating approximately $46.8 million. Effective July 30, 1985, the law provides that the State Treasurer may, with the consent of the Director of Lottery, contract to invest in securities which provide payments corresponding to the Lottery's obligation to prize winners. The securities purchased subsequent to July 30, 1985 are accounted for in the accompanying financial statements in an investment trust fund at the fair value of the investments.

The Illinois State Toll Highway Authority has entered into commitments for road construction of $340 million. The Illinois Housing Development Authority has entered into commitments aggregating $27.3 million for home loans.

The State receives significant financial assistance from the U.S. Government in the form of grants and entitlements. Entitlement to these resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any adjudicated disallowance as a result of these audits becomes a liability of the State.

In November, 1998, the State joined 46 other states in the settlement of the historic tobacco industry lawsuit. The State is to receive $9.1 billion from tobacco companies over the next 25 years. In addition to the $9.1 billion, the tobacco industry is required to expend resources to curb teen smoking, including prohibitions on advertising directed toward minors.

Also, the State, its units and employees are parties to numerous legal proceedings, many of which normally recur, in governmental operations. All legal proceedings are not, in the opinion of the Attorney General, likely to have a material impact on any of the State's fund types or account groups.

In addition, the State and its units are involved in certain other legal proceedings, which, if decided adversely to the State, may require the State to make material future expenditures for expanded services or capital facilities or may impair future revenue sources. It is neither possible to determine the outcome of these proceedings nor to estimate the possible effects adverse decisions may have on future expenditures or revenue sources.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
Pension Trust Funds - Schedule of Funding Progress

The following schedule of funding progress (dollar amounts in thousands) for the State of Illinois' retirement systems is provided for fiscal years ended June 30, 1997 and 1998. These years are the only years for which this information is available.

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability ("AAL") Projected Unit Credit	(c) Unfunded AAL ("UAAL") (b-a)	(d) Funded Ratio (a/b)	(e) Covered Payroll	(f) UAAL as a Percentage of Covered Payroll (c/e)
General Assembly						
6/30/97	$ 56,710	$ 143,837	$ 87,127	39.4%	$ 9,362	930.6%
6/30/98	62,738	150,408	87,671	41.7%	10,005	876.3%
Judges'						
6/30/97	314,561	704,460	389,899	44.7%	87,171	447.3%
6/30/98	356,693	747,276	390,583	47.7%	94,626	412.8%
State Employees'						
6/30/97	6,048,027	7,548,208	1,500,181	80.1%	3,003,628	49.9%
6/30/98	7,064,495	9,341,898	2,277,403	75.6%	3,096,087	73.6%
Teachers'						
6/30/97	17,393,108	26,951,585	9,558,477	64.5%	5,013,583	190.7%
6/30/98	19,965,887	29,908,241	9,942,354	66.8%	5,323,403	186.8%
State Universities						
6/30/97	8,376,300	10,552,200	2,175,900	79.4%	2,298,000	94.7%
6/30/98	9,792,000	11,416,100	1,624,100	85.8%	2,377,600	68.3%

GENERAL FUND

The General Fund is maintained to account for resources obtained and used for those services traditionally provided by State government which are not required to be accounted for in another fund.

State of Illinois

Combining Schedule of Accounts
General Fund

June 30, 1998 (Expressed in Thousands)

	General Revenue	Education Assistance	Common School	Medicaid Provider Assessment Program	Eliminations	Total
ASSETS						
Cash and cash equivalents	$ 932,937	$ 87,344	$ 129,266	$ 85,254		$ 1,234,801
Investments	415,174					415,174
Receivables, net:						
Taxes	681,396	21,780	102,042	29,731		834,949
Intergovernmental	440,998		3	267,979		708,980
Other	72,965		98	106,617		179,680
Due from other funds	151,622	4,433	37,756	10		193,821
Due from component units	101					101
Inventories	32,210					32,210
Loans and notes receivable	41,764					41,764
Other assets	18,060					18,060
Total assets	$ 2,787,227	$ 113,557	$ 269,165	$ 489,591	$ -- --	$ 3,659,540
LIABILITIES						
Accounts payable and accrued liabilities	$ 1,610,906	$ 696	$ 94,146	$ 350,720		$ 2,056,468
Intergovernmental payables	814,250	104,163	4,285	4		922,702
Due to other funds	319,797	2	51,475	43,111		414,385
Due to component units	90,014	5,051		95,695		190,760
Deferred revenues	264,801	8,274	15,293	6		288,374
Total liabilities	3,099,768	118,186	165,199	489,536		3,872,689
FUND BALANCES (DEFICITS)						
Reserved for:						
Encumbrances	81,902	15				81,917
Long-term portion of:						
Intergovernmental and other receivables	372					372
Loans and notes receivable	35,590					35,590
Inventories	32,210					32,210
Other	3,758					3,758
Unreserved, undesignated	(466,373)	(4,644)	103,966	55		(366,996)
Total fund balances (deficits)	(312,541)	(4,629)	103,966	55		(213,149)
Total liabilities and fund balances	$ 2,787,227	$ 113,557	$ 269,165	$ 489,591	$ -- --	$ 3,659,540

State of Illinois

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balance
General Fund

For the Year Ended June 30, 1998 (Expressed in Thousands)

	General Revenue	Education Assistance	Common School	Medicaid Provider Assessment Program	Eliminations	Total
REVENUES						
Income taxes	$ 7,444,790	$ 582,531				$ 8,027,321
Sales taxes	3,935,344		$ 1,305,464			5,240,808
Public utility taxes	861,646		49,998			911,644
Other taxes	865,917		101,164	$ 187,686		1,154,767
Federal government	3,711,585			784,075		4,495,660
Licenses and fees	64,718		615			65,333
Interest and other investment income	185,368		1,249	1,411		188,028
Other	213,723	865		592,341		806,929
Total revenues	17,283,091	583,396	1,458,490	1,565,513		20,890,490
EXPENDITURES						
Current:						
Health and social services	7,196,260			1,547,070		8,743,330
Education	2,104,173	704,457	2,552,252			5,360,882
General government	1,181,422					1,181,422
Social assistance	1,155,732					1,155,732
Transportation	38,099					38,099
Public protection and justice	1,346,174					1,346,174
Natural resources and recreation	144,415					144,415
Debt service:						
Principal	19,143					19,143
Interest	66,852					66,852
Capital outlays	102,731	63	1			102,795
Total expenditures	13,355,001	704,520	2,552,253	1,547,070		18,158,844
Excess (deficiency) of revenues over (under) expenditures	3,928,090	(121,124)	(1,093,763)	18,443		2,731,646
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Operating transfers-in	270,363	170,794	1,197,772	44,702	$ (664,612)	1,019,019
Operating transfers-out	(2,747,360)	(145)	(43)	(53,151)	664,612	(2,146,087)
Operating transfers to component units	(1,278,414)	(104,650)				(1,383,064)
Capital lease financing	8,755					8,755
Net other sources (uses) of financial resources	(3,746,656)	65,999	1,197,729	(18,449)	-- --	(2,501,377)
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources	181,434	(55,125)	103,966	(6)	-- --	230,269
Fund balances (deficit), July 1, 1997, as previously reported	(502,014)	50,496	-- --	61	-- --	(451,457)
Restatement/reclassification of fund balances	6,039					6,039
Fund balances (deficit), July 1, 1997, as restated	(493,975)	50,496	-- --	61	-- --	(443,418)
FUND BALANCES (DEFICITS), JUNE 30, 1998	$ (312,541)	$ (4,629)	$ 103,966	$ 55	$ -- --	$ (213,149)

State of Illinois

Combining Schedule of Accounts - General Fund
Medicaid Provider Assessment Program
June 30, 1998 (Expressed in Thousands)

	University of Illinois Hospital Services	Long-Term Care Provider	Hospital	Other	Total
ASSETS					
Cash and cash equivalents	$ 43,101	$ 23,704	$ 13,152	$ 5,297	$ 85,254
Receivables, net:					
Taxes		16,723	11,891	1,117	29,731
Intergovernmental	95,693	37,353	128,557	6,376	267,979
Other		39	106,562	16	106,617
Due from other funds	2		4	4	10
Total assets	$ 138,796	$ 77,819	$ 260,166	$ 12,810	$ 489,591
LIABILITIES					
Accounts payable and accrued liabilities		$ 77,806	$ 260,159	$ 12,755	$ 350,720
Intergovernmental payables		2	2		4
Due to other funds	$ 43,101	5	5		43,111
Due to component units	95,695				95,695
Deferred revenues		6			6
Total liabilities	138,796	77,819	260,166	12,755	489,536
FUND BALANCES					
Unreserved, undesignated				55	55
Total fund balances				55	55
Total liabilities and fund balances	$ 138,796	$ 77,819	$ 260,166	$ 12,810	$ 489,591

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balance - General Fund
Medicaid Provider Assessment Program

For the Year Ended June 30, 1998 (Expressed In Thousands)

	University of Illinois Hospital Services	Long-Term Care Provider	Hospital	Other	Total
REVENUES					
Other taxes		$ 162,378	$ 8,720	$ 16,588	$ 187,686
Federal government	$ 99,834	145,058	522,470	16,713	784,075
Interest and other investment income		775	486	150	1,411
Other	69,750		522,591		592,341
Total revenues	169,584	308,211	1,054,267	33,451	1,565,513
EXPENDITURES					
Current:					
Health and social services	151,178	308,198	1,054,258	33,436	1,547,070
Total expenditures	151,178	308,198	1,054,258	33,436	1,547,070
Excess of revenues over expenditures	18,406	13	9	15	18,443
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Operating transfers-in	44,700	1	1		44,702
Operating transfers-out	(63,106)	(14)	(10)	(21)	(63,151)
Net other sources (uses) of financial resources	(18,406)	(13)	(9)	(21)	(18,449)
Excess of revenues over expenditures and net other sources (uses) of financial resources	-- --	-- --	-- --	(6)	(6)
Fund balances, July 1, 1997	-- --	-- --	-- --	61	61
FUND BALANCES, JUNE 30, 1998	$ -- --	$ -- --	$ -- --	$ 55	$ 55

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SPECIAL REVENUE FUNDS

The Special Revenue Funds are maintained to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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SIGNIFICANT SPECIAL REVENUE FUNDS DESCRIPTIONS

Department of Children and Family Services

DCFS Children's Services Fund--to account for revenues and expenditures related to the federal Title IV-E foster care and adoption service program.

Department of Employment Security

Title III Social Security and Employment Services Fund--to account for monies received from the federal government for the specific purpose of administering the Unemployment Compensation Act.

Department of Financial Institutions

State Pensions Fund--receipts from the sale of abandoned property. Expenditures are primarily to the various state retirement systems for the reduction of the accrued actuarial unfunded liability.

Department of Public Aid

Child Support Enforcement Trust Fund--to record child support payments, federal grants, and incentive payments that are related to the Child Support Enforcement Program.

Department of Revenue

County and Mass Transit District Fund--to record 4% of the proceeds from a 6.25% Retailers' and Service Occupation tax.

Local Government Tax Fund--to account for 15% share of various sales taxes that will be distributed to cities and counties.

Local Government Distributive Fund--a portion of State income tax collections that are distributed to the various municipalities and counties within the State. On a monthly basis, 1/12 of the income tax receipts are transferred to this fund from the General Fund for such distributions.

Personal Property Tax Replacement Fund--the net revenue received from the personal property replacement income tax. Expenditures consist of allocations to each taxing district within the State and administrative costs.

Department of Transportation

Road Fund--monies collected for the purpose of administering State highway programs. Funding sources include federal aid, State motor fuel taxes and various license and fee charges. Expenditures are for highway maintenance and construction, traffic control and safety, and administering motor vehicle laws and regulations.

Motor Fuel Tax Fund--various transportation related program expenditures and the administrative cost of supervising the use of funds apportioned to municipalities, counties and road districts. Revenue is derived from State fuel taxes and an allocation (transfer) of State sales tax collections from the General Fund.

State Construction Account Fund--a portion of motor vehicle registration fees, weight taxes and transfers from the Motor Fuel Tax Fund. The fund is used exclusively for the construction, reconstruction, and maintenance of the State maintained highway system.

Environmental Protection Agency

Water Pollution Control Revolving Fund--to assist units of local government in financing the construction of wastewater treatment facilities by making direct loans at or below market interest rates.

Illinois Student Assistance Commission

Student Loan Fund--to account for monies collected on defaulted student loans from individuals and the federal government under the student loan guarantee program. Expenditures are primarily to lenders of defaulted guaranteed student loans.

State of Illinois

Combining Balance Sheet
Special Revenue Funds

June 30, 1998 (Expressed in Thousands)

	Departments				
	Commerce and Community Affairs	Human Services	Revenue	Transportation	Other Departments
ASSETS					
Cash and cash equivalents	$ 16,428	$ 37,396	$ 516,480	$ 895,658	$ 275,595
Investments					
Receivables, net:					
Taxes		792	228,530	125,416	
Intergovernmental	18,169	36,701	88,339	171,775	80,150
Other	83	9,226	429	33,192	84,277
Due from other funds		6,746	109,219	140,086	1,538
Due from component units					18
Inventories		5,205		21,561	7,066
Loans and notes receivable	5,851			23,063	
Other assets	9,316	322		580	812
Total assets	$ 49,847	$ 96,388	$ 942,997	$ 1,411,331	$ 449,456
LIABILITIES					
Accounts payable and accrued liabilities	$ 19,614	$ 62,541	$ 26,122	$ 138,239	$ 75,200
Intergovernmental payables	17	508	667,736	98,505	5,572
Due to other funds	247	2,012	102,386	109,290	4,746
Due to component units	63	152		2,985	818
Deferred revenues		11,714	79,489	20,917	3,466
Other liabilities					
Total liabilities	19,941	76,927	875,733	369,936	89,802
FUND BALANCES (DEFICIT)					
Reserved for:					
Encumbrances	3,353	1,857	728	1,069,749	33,150
Long-term portion of:					
Intergovernmental and other receivables				137,646	
Loans and notes receivable	4,638			21,545	
Inventories		5,205		21,561	7,066
Other	9,316			580	
Unreserved, undesignated (deficits)	12,599	12,399	66,536	(209,686)	319,438
Total fund balances (deficit)	29,906	19,461	67,264	1,041,395	359,654
Total liabilities and fund balances	$ 49,847	$ 96,388	$ 942,997	$ 1,411,331	$ 449,456

Agencies, Boards and Authorities			Higher Education		
			Student Assistance Commission		
Environmental Protection Agency	State Board of Education	Other Agencies, Boards and Authorities	Student Loan	Other	Total
$ 116,678	$ 12,879	$ 36,115	$ 81,629	$ 567,647	$ 2,556,505
				269	269
		5,536		14,844	375,118
233	87,124		30,381	62,035	574,907
460		117	557	37,186	165,527
12,339	2,665			40,779	313,372
				660	678
	1,701			3,955	39,488
647,650				13,520	690,084
125				948	12,103
$ 777,485	$ 104,369	$ 41,768	$ 112,567	$ 741,843	$ 4,728,051
$ 15,262	$ 11,213	$ 4,270	$ 11,617	$ 81,679	$ 445,757
15,678	104,392	10	14,168	42,716	949,302
89	554	38	651	23,233	243,246
25	199			7,484	11,726
		8		19,592	135,186
				82	82
31,054	116,358	4,326	26,436	174,786	1,785,299
101,222	1,916		156	63,426	1,275,557
				2,709	140,355
603,213				11,662	641,058
	1,701			3,955	39,488
125				2,194	12,215
41,871	(15,606)	37,442	85,975	483,111	834,079
746,431	(11,989)	37,442	86,131	567,057	2,942,752
$ 777,485	$ 104,369	$ 41,768	$ 112,567	$ 741,843	$ 4,728,051

State of Illinois

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances
Special Revenue Funds
For the Year Ended June 30, 1998 (Expressed in Thousands)

	Departments				
	Commerce and Community Affairs	Human Services	Revenue	Transportation	Other Departments
REVENUES					
Income taxes			$ 783,343		
Sales taxes			1,912,495		
Motor fuel taxes				$ 1,227,813	
Public utility taxes			208,082		
Other taxes		$ 3,154	349,423		$ 16,616
Federal government	$ 265,408	1,352,580		617,722	428,663
Licenses and fees			1,189	735,372	377
Interest and other investment income	4,304		3,595	33,136	
Other	314	67,963		93,426	287,352
Total revenues	270,026	1,423,697	3,258,127	2,707,469	733,008
EXPENDITURES					
Current:					
Health and social services		517,527			436,870
Education					42,174
General government	268,989		3,445,279	257,583	9,470
Social assistance		864,611			359,941
Transportation				2,493,995	
Public protection and justice				52,733	7,825
Natural resources and recreation					10,154
Debt service:					
Principal		22		1,470	113
Interest			10,494	423	5
Capital outlays	498	2,965	173	30,380	9,876
Total expenditures	269,487	1,385,125	3,455,946	2,836,584	878,426
Excess (deficiency) of revenues over (under) expenditures	539	38,572	(197,819)	(129,115)	(145,420)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Operating transfers-in			947,504	1,011,429	286,991
Operating transfers from component units					
Operating transfers-out	(1,767)	(28,216)	(734,252)	(951,338)	(16,268)
Operating transfers to component units	(656)	(1,041)		(461)	(11,404)
Capital lease financing				410	
Net other sources (uses) of financial resources	(2,423)	(29,257)	213,252	60,040	259,219
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources	(1,884)	9,315	15,433	(69,075)	113,799
Fund balances (deficit), July 1, 1997	31,790	10,146	51,831	1,110,470	245,855
FUND BALANCES (DEFICIT), JUNE 30, 1998	$ 29,906	$ 19,461	$ 67,264	$ 1,041,395	$ 359,654

Agencies, Boards and Authorities			Higher Education		
			Student Assistance Commission		
Environmental Protection Agency	State Board of Education	Other Agencies, Boards and Authorities	Student Loan	Other	Total
					$ 783,343
				$ 14,549	1,927,044
		$ 59,772			1,287,585
				88,168	296,250
				79,899	449,092
$ 58,068	$ 1,158,494		$ 125,183	423,742	4,429,860
	11,359	437	4,841	274,353	1,027,926
17,438			4,597	9,900	72,970
38,116	5,906	68,955	26,362	145,274	733,668
113,622	1,175,759	129,164	160,983	1,035,885	11,007,740
				261,619	1,216,216
	1,166,338		150,176	30,726	1,389,414
1,792		67,028		285,125	4,335,266
				20,688	1,245,240
				60,176	2,554,171
		2,195		269,179	331,932
58,212		31,576		149,526	249,468
12	31			2,625	4,273
2	5			336	11,265
316	652	98	352	41,094	86,404
60,334	1,167,026	100,897	150,528	1,121,294	11,425,649
53,288	8,733	28,267	10,455	(85,409)	(417,909)
38,440		1		292,628	2,576,893
				247	247
(785)	(7,016)	(13,895)	(1,058)	(100,073)	(1,854,668)
(3)	(2,630)			(31,818)	(48,013)
44				2,781	3,235
37,696	(9,646)	(13,894)	(1,058)	163,765	677,694
90,984	(913)	14,373	9,397	78,356	259,785
655,447	(11,076)	23,089	76,734	486,701	2,682,967
$ 746,431	$ (11,989)	$ 37,442	$ 86,131	$ 567,057	$ 2,942,752

State of Illinois

Combining Balance Sheet - Special Revenue Funds
Department of Commerce and Community Affairs
June 30, 1998 (Expressed in Thousands)

	Low Income Home Energy Assistance Block Grant	Community Development/ Small Cities Block Grant	Job Training Partnership	Build Illinois Loan Programs	Total
ASSETS					
Cash and cash equivalents	$ 40	$ 44	$ 41	$ 16,303	$ 16,428
Receivables, net:					
Intergovernmental	877	2,559	14,733		18,169
Other				83	83
Loans and notes receivable				5,851	5,851
Other assets				9,316	9,316
Total assets	$ 917	$ 2,603	$ 14,774	$ 31,553	$ 49,847
LIABILITIES					
Accounts payable and accrued liabilities	$ 901	$ 2,593	$ 14,481	$ 1,639	$ 19,614
Intergovernmental payables	3	2	10	2	17
Due to other funds	13	8	220	6	247
Due to component units			63		63
Total liabilities	917	2,603	14,774	1,647	19,941
FUND BALANCES					
Reserved for:					
Encumbrances	69	679	2,573	32	3,353
Long-term portion of loans and notes receivable				4,638	4,638
Other				9,316	9,316
Unreserved, undesignated (deficits)	(69)	(679)	(2,573)	15,920	12,599
Total fund balances	-- --	-- --	-- --	29,906	29,906
Total liabilities and fund balances	$ 917	$ 2,603	$ 14,774	$ 31,553	$ 49,847

State of Illinois

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances - Special Revenue Funds Department of Commerce and Community Affairs

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Low Income Home Energy Assistance Block Grant	Community Development/ Small Cities Block Grant	Job Training Partnership	Build Illinois Loan Programs	Total
REVENUES					
Federal government	$ 61,610	$ 70,774	$ 133,024		$ 265,408
Interest and other investment income				$ 4,304	4,304
Other		283	29	2	314
Total revenues	61,610	71,057	133,053	4,306	270,026
EXPENDITURES					
Current:					
General government	61,551	71,028	130,246	6,164	268,989
Capital outlays	59	26	387	26	498
Total expenditures	61,610	71,054	130,633	6,190	269,487
Excess (deficiency) of revenues over (under) expenditures	-- --	3	2,420	(1,884)	539
OTHER (USES) OF FINANCIAL RESOURCES					
Operating transfers-out		(3)	(1,764)		(1,767)
Operating transfers to component units			(656)		(656)
Other (uses) of financial resources		(3)	(2,420)		(2,423)
Excess (deficiency) of revenues over (under) expenditures and other (uses) of financial resources	-- --	-- --	-- --	(1,884)	(1,884)
Fund balances, July 1, 1997	-- --	-- --	-- --	31,790	31,790
FUND BALANCES, JUNE 30, 1998	$ -- --	$ -- --	$ -- --	$ 29,906	$ 29,906

State of Illinois

Combining Balance Sheet - Special Revenue Funds
Department of Human Services
June 30, 1998 (Expressed in Thousands)

	Prevention and Treatment of Alcoholism and Substance Abuse Block Grant	Mental Health	Vocational Rehabilitation	Special Purposes Trust	Old Age Survivors Insurance	USDA Woman, Infants and Children
ASSETS						
Cash and cash equivalents	$ 3,002	$ 6,876	$ 13,357	$ 7,991	$ 151	$ 4,209
Receivables, net:						
Taxes		792				
Intergovernmental	108	317	6,863	7,709	2,713	8,191
Other		4,407	90			4,729
Due from other funds	14	1,105		5,511		116
Inventories			351		411	2,708
Other assets						
Total assets	$ 3,124	$ 13,497	$ 20,661	$ 21,211	$ 3,275	$ 19,953
LIABILITIES						
Accounts payable and accrued liabilities	$ 3,098	$ 23,132	$ 4,722	$ 6,145	$ 2,885	$ 16,986
Intergovernmental payables	3	3	355	9	70	8
Due to other funds	23	204	725	83	320	498
Due to component units			136			
Deferred revenues		2,097	19			2,461
Total liabilities	3,124	25,436	5,957	6,237	3,275	19,953
FUND BALANCES (DEFICIT)						
Reserved for:						
Encumbrances	4		28	1,764	12	14
Inventories			351		411	2,708
Unreserved, undesignated (deficits)	(4)	(11,939)	14,325	13,210	(423)	(2,722)
Total fund balances (deficit)	-- --	(11,939)	14,704	14,974	-- --	-- --
Total liabilities and fund balances	$ 3,124	$ 13,497	$ 20,661	$ 21,211	$ 3,275	$ 19,953

Maternal and Child Health Services Block Grant	Food Stamp and Commodity	Total
$ 1,810		$ 37,396
		792
10,800		36,701
		9,226
		6,746
13	$ 1,722	5,205
	322	322
$ 12,623	$ 2,044	$ 96,388
$ 5,573		$ 62,541
60		508
159		2,012
16		152
6,815	$ 322	11,714
12,623	322	76,927
35		1,857
13	1,722	5,205
(48)		12,399
-- --	1,722	19,461
$ 12,623	$ 2,044	$ 96,388

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances - Special Revenue Funds Department of Human Services

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Prevention and Treatment of Alcoholism and Substance Abuse Block Grant	Mental Health	Vocational Rehabilitation	Special Purposes Trust	Old Age Survivors Insurance	USDA Woman, Infants and Children
REVENUES						
Other taxes		$ 3,154				
Federal government	$ 62,062	7,287	$ 102,052	$ 74,098	$ 57,465	$ 161,576
Other		15,876	862	14	1	51,210
Total revenues	62,062	26,317	102,914	74,112	57,466	212,786
EXPENDITURES						
Current:						
Health and social services	61,912	28,058	96,681	38,647	57,143	212,484
Social assistance						
Debt service:						
Principal	15		7			
Capital outlays	100	98	1,718	167	516	279
Total expenditures	62,027	28,156	98,406	38,814	57,659	212,763
Excess (deficiency) of revenues over (under) expenditures	35	(1,839)	4,508	35,298	(193)	23
OTHER (USES) OF FINANCIAL RESOURCES						
Operating transfers-out	(35)	(1,243)	(179)	(26,736)		(23)
Operating transfers to component units			(992)			
Other (uses) of financial resources	(35)	(1,243)	(1,171)	(26,736)		(23)
Excess (deficiency) of revenues over (under) expenditures and other (uses) of financial resources	-- --	(3,082)	3,337	8,562	(193)	-- --
Fund balances (deficit), July 1, 1997	-- --	(8,857)	11,367	6,412	193	-- --
FUND BALANCES (DEFICIT), JUNE 30, 1998	$ -- --	$ (11,939)	$ 14,704	$ 14,974	$ -- --	$ -- --

Maternal and Child Health Services Block Grant	Food Stamp and Commodity	Total
		$ 3,154
$ 22,738	$ 865,302	1,352,580
		67,963
22,738	865,302	1,423,697
22,602		517,527
	864,611	864,611
		22
87		2,965
22,689	864,611	1,385,125
49	691	38,572
		(28,216)
(49)		(1,041)
(49)		(29,257)
--	691	9,315
--	1,031	10,146
$ --	$ 1,722	$ 19,461

State of Illinois

Combining Balance Sheet - Special Revenue Funds
Department of Revenue
June 30, 1998 (Expressed in Thousands)

	Metropolitan Exposition Auditorium and Office Building	State Gaming	State and Local Sales Tax Reform	County and Mass Transit District	Local Government Tax	Local Government Distributive
ASSETS						
Cash and cash equivalents	$ 32,031	$ 26,997	$ 31,606	$ 37,129	$ 199,258	$ 10,420
Receivables, net:						
Taxes	73	2,796	11,236	15,869	81,579	1,490
Intergovernmental						
Other		15				
Due from other funds						99,768
Total assets	$ 32,104	$ 29,808	$ 42,842	$ 52,998	$ 280,837	$ 111,678
LIABILITIES						
Accounts payable and accrued liabilities		$ 141				$ 1,561
Intergovernmental payables		10,499	$ 8,167	$ 30,615	$ 267,353	109,232
Due to other funds		5,441	32,667	19,573		625
Deferred revenues		100	2,008	2,810	13,484	260
Total liabilities		16,181	42,842	52,998	280,837	111,678
FUND BALANCES						
Reserved for Encumbrances		66				
Unreserved, undesignated (deficit)	$ 32,104	13,561				
Total fund balances	32,104	13,627				
Total liabilities and fund balances	$ 32,104	$ 29,808	$ 42,842	$ 52,998	$ 280,837	$ 111,678

Personal Property Tax Replacement	Build Illinois	Total
$ 169,142	$ 9,897	$ 516,480
87,683	27,804	228,530
88,339		88,339
341	73	429
1	9,450	109,219
$ 345,506	$ 47,224	$ 942,997
$ 2,682	$ 21,738	$ 26,122
241,870		667,736
44,080		102,386
56,874	3,953	79,489
345,506	25,691	875,733
662		728
(662)	21,533	66,536
-- --	21,533	67,264
$ 345,506	$ 47,224	$ 942,997

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances - Special Revenue Funds Department of Revenue

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Metropolitan Exposition Auditorium and Office Building	State Gaming	State and Local Sales Tax Reform	County and Mass Transit District	Local Government Tax	Local Government Distributive
REVENUES						
Income taxes						
Sales taxes			$ 172,724	$ 247,906	$ 1,160,566	$ 22,273
Public utility taxes						
Other taxes	$ 9,138	$ 263,980				
Licenses and fees		1,189				
Interest and other investment income						
Total revenues	9,138	265,169	172,724	247,906	1,160,566	22,273
EXPENDITURES						
Current:						
General government		90,257	33,948	247,906	1,160,566	898,133
Debt service:						
Interest						
Capital outlays		84				
Total expenditures		90,341	33,948	247,906	1,160,566	898,133
Excess (deficiency) of revenues over (under) expenditures	9,138	174,828	138,776	-- --	-- --	(875,860)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Operating transfers-in	28,764					880,895
Operating transfers-out	(24,872)	(170,781)	(138,776)			(5,035)
Net other sources (uses) of financial resources	3,892	(170,781)	(138,776)			875,860
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources	13,030	4,047	-- --	-- --	-- --	-- --
Fund balances, July 1, 1997	19,074	9,580	-- --	-- --	-- --	-- --
FUND BALANCES, JUNE 30, 1998	$ 32,104	$ 13,627	$ -- --	$ -- --	$ -- --	$ -- --

Personal Property Tax Replacement	Build Illinois	Total
$ 783,343		$ 783,343
	$ 309,026	1,912,495
208,082		208,082
	76,305	349,423
		1,189
2,797	798	3,595
994,222	386,129	3,258,127
983,601	30,868	3,445,279
10,494		10,494
89		173
994,184	30,868	3,455,946
38	355,261	(197,819)
	37,845	947,504
(38)	(394,750)	(734,252)
(38)	(356,905)	213,252
-- --	(1,644)	15,433
-- --	23,177	51,831
$ -- --	$ 21,533	$ 67,264

State of Illinois

Combining Balance Sheet - Special Revenue Funds
Department of Transportation
June 30, 1998 (Expressed in Thousands)

	Road	Motor Fuel Tax	Grade Crossing Protection	Federal/ Local Airport	State Rail Freight Loan Repayment	Public Transportation	State Construction Account	Total
ASSETS								
Cash and cash equivalents	$ 499,313	$ 119,067	$ 41,252	$ 1,250	$ 5,101	$ 7	$ 229,668	$ 895,658
Receivables, net:								
Taxes		125,416						125,416
Intergovernmental	159,455			12,320				171,775
Other	32,099				23		1,070	33,192
Due from other funds	35,442	24,104	1,500			36,568	42,472	140,086
Inventories	21,561							21,561
Loans and notes receivable					23,063			23,063
Other assets	580							580
Total assets	$ 748,450	$ 268,587	$ 42,752	$ 13,570	$ 28,187	$ 36,575	$ 273,210	$ 1,411,331
LIABILITIES								
Accounts payable and accrued liabilities	$ 88,233	$ 4,541	$ 1,165	$ 6,478	$ 877		$ 36,945	$ 138,239
Intergovernmental payables	15,749	40,991	1,015	4,156		$ 36,575	19	98,505
Due to other funds	49,053	60,237						109,290
Due to component units	2,950			35				2,985
Deferred revenues		18,016		2,901				20,917
Total liabilities	155,985	123,785	2,180	13,570	877	36,575	36,964	369,936
FUND BALANCES								
Reserved for:								
Encumbrances	616,103	1	55,077	67,398	2,402		328,768	1,069,749
Long-term portion of:								
Intergovernmental and other receivables	137,646							137,646
Loans and notes receivable					21,545			21,545
Inventories	21,561							21,561
Other	580							580
Unreserved, undesignated (deficits)	(183,425)	144,801	(14,505)	(67,398)	3,363		(92,522)	(209,686)
Total fund balances	592,465	144,802	40,572	-- --	27,310		236,246	1,041,395
Total liabilities and fund balances	$ 748,450	$ 268,587	$ 42,752	$ 13,570	$ 28,187	$ 36,575	$ 273,210	$ 1,411,331

State of Illinois

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances - Special Revenue Funds Department of Transportation

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Road	Motor Fuel Tax	Grade Crossing Protection	Federal/ Local Airport	State Rail Freight Loan Repayment	Public Transportation	State Construction Account	Total
REVENUES								
Motor fuel taxes		$ 1,227,613						$ 1,227,613
Federal government	$ 534,629	64		$ 83,029				617,722
Licenses and fees	432,318	624					$ 302,430	735,372
Interest and other investment income	23,542				$ 859		8,735	33,136
Other	57,876	47		35,481	22			93,426
Total revenues	1,048,365	1,228,548		118,510	881		311,165	2,707,469
EXPENDITURES								
Current:								
General government	195,626	61,957						257,583
Transportation	1,113,199	488,391	$ 20,696	119,224		$ 183,039	569,446	2,493,995
Public protection and justice	52,733							52,733
Debt service:								
Principal	1,335	135						1,470
Interest	417	6						423
Capital outlays	29,473	907						30,380
Total expenditures	1,392,783	551,396	20,696	119,224		183,039	569,446	2,836,584
Excess (deficiency) of revenues over (under) expenditures	(344,418)	677,152	(20,696)	(714)	881	(183,039)	(258,281)	(129,115)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES								
Operating transfers-in	424,600	96,793	18,000	776	2,292	183,049	285,919	1,011,429
Operating transfers-out	(191,268)	(758,469)	(1,501)	(62)		(10)	(28)	(951,338)
Operating transfers to component units	(461)							(461)
Capital lease financing	410							410
Net other sources (uses) of financial resources	233,281	(661,676)	16,499	714	2,292	183,039	285,891	60,040
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources	(111,137)	15,476	(4,197)	-- --	3,173	-- --	27,610	(69,075)
Fund balances, July 1, 1997	703,602	129,326	44,769	-- --	24,137	-- --	208,636	1,110,470
FUND BALANCES, JUNE 30, 1998	$ 592,465	$ 144,802	$ 40,572	$ -- --	$ 27,310	$ -- --	$ 236,246	$ 1,041,395

State of Illinois

Combining Balance Sheet - Special Revenue Funds
Other Code Departments
June 30, 1998 (Expressed in Thousands)

	Children and Family Services	Natural Resources	Employment Security	Financial Institutions	Public Aid	Public Health	
	Childrens' Services	Open Space Lands Acquisition and Development	Title III Social Security and Employment Service	State Pensions	Child Support Enforcement Trust	Public Health Services	Total
ASSETS							
Cash and cash equivalents	$ 87,248	$ 35,898	$ 33,079	$ 63,898	$ 34,341	$ 1,131	$ 275,595
Receivables, net:							
Intergovernmental	46,527		13,958		14,852	4,813	80,150
Other					83,765	512	84,277
Due from other funds	1,236		172			130	1,538
Due from component units	18						18
Inventories			2,053			5,013	7,066
Other assets			812				812
Total assets	$ 135,029	$ 35,898	$ 50,074	$ 63,898	$ 132,958	$ 11,599	$ 449,456
LIABILITIES							
Accounts payable and accrued liabilities	$ 36,054	$ 21	$ 8,498	$ 619	$ 24,006	$ 6,002	$ 75,200
Intergovernmental payables	17	2	251	*	4,135	1,167	5,572
Due to other funds	203	5	2,853	89	1,062	534	4,746
Due to component units	379		9			430	818
Deferred revenues						3,466	3,466
Total liabilities	36,653	28	11,611	708	29,203	11,599	89,802
FUND BALANCES							
Reserved for:							
Encumbrances	1,092	28,911	2,376	273	493	5	33,150
Inventories			2,053			5,013	7,066
Unreserved, undesignated (deficit)	97,284	6,959	34,034	82,917	103,262	(5,018)	319,438
Total fund balances	98,376	35,870	38,463	83,190	103,755	-- --	359,654
Total liabilities and fund balances	$ 135,029	$ 35,898	$ 50,074	$ 63,898	$ 132,958	$ 11,599	$ 449,456

State of Illinois

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances - Special Revenue Funds Other Code Departments

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Children and Family Services	Natural Resources	Employment Security	Financial Institutions	Public Aid	Public Health	
	Childrens' Services	Open Space Lands Acquisition and Development	Title III Social Security and Employment Service	State Pensions	Child Support Enforcement Trust	Public Health Services	Total
REVENUES							
Other taxes		$ 16,616					$ 16,616
Federal government	$ 109,304		$ 163,446		$ 81,910	$ 74,003	428,663
Licenses and fees					111	266	377
Other	10,075		117	$ 99,724	176,799	637	287,352
Total revenues	119,379	16,616	163,563	99,724	258,820	74,906	733,008
EXPENDITURES							
Current:							
Health and social services	358,400					80,470	438,870
Education				42,174			42,174
General government				9,470			9,470
Social assistance			160,084		199,857		359,941
Public protection and justice				7,825			7,825
Natural resources and recreation		10,154					10,154
Debt service:							
Principal					109	4	113
Interest					5		5
Capital outlays	2,679	113	5,236	80	813	955	9,876
Total expenditures	361,079	10,267	165,320	59,549	200,784	81,429	878,428
Excess (deficiency) of revenues over (under) expenditures	(241,700)	6,349	(1,757)	40,175	58,036	(6,523)	(145,420)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Operating transfers-in	279,727	2	639			6,523	286,891
Operating transfers-out	(16,122)	(1)	(145)				(16,268)
Operating transfers to component units	(108)			(11,296)			(11,404)
Net other sources (uses) of financial resources	263,497	1	494	(11,296)		6,523	259,219
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources	21,797	6,350	(1,263)	28,879	58,036	-- --	113,799
Fund balances, July 1, 1997	76,579	29,520	39,726	54,311	45,719	-- --	245,855
FUND BALANCES, JUNE 30, 1998	$ 98,376	$ 35,870	$ 38,463	$ 83,190	$ 103,755	$ --	$ 359,654

State of Illinois

Combining Balance Sheet - Special Revenue Funds
Environmental Protection Agency
June 30, 1998 (Expressed in Thousands)

	Water Pollution Control Revolving	Vehicle Inspection	Total
ASSETS			
Cash and cash equivalents	$ 101,177	$ 15,501	$ 116,678
Receivables, net:			
Intergovernmental	233		233
Other	460		460
Due from other funds		12,339	12,339
Loans and notes receivable	647,650		647,650
Other assets		125	125
Total assets	$ 749,520	$ 27,965	$ 777,485
LIABILITIES			
Accounts payable and accrued liabilities	$ 692	$ 14,570	$ 15,262
Intergovernmental payables	15,661	17	15,678
Due to other funds	30	59	89
Due to component units	24	1	25
Total liabilities	16,407	14,647	31,054
FUND BALANCES			
Reserved for:			
Encumbrances	86,376	14,846	101,222
Long-term portion of loans and notes receivable	603,213		603,213
Other		125	125
Unreserved, undesignated (deficit)	43,524	(1,653)	41,871
Total fund balances	733,113	13,318	746,431
Total liabilities and fund balances	$ 749,520	$ 27,965	$ 777,485

State of Illinois

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances - Special Revenue Funds Environmental Protection Agency

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Water Pollution Control Revolving	Vehicle Inspection	Total
REVENUES			
Federal government	$ 58,068		$ 58,068
Interest and other investment income	17,438		17,438
Other	4,930	$ 33,186	38,116
Total revenues	80,436	33,186	113,622
EXPENDITURES			
Current:			
General government		1,792	1,792
Natural resources and recreation	5,744	52,468	58,212
Debt service:			
Principal	6	6	12
Interest	1	1	2
Capital outlays	168	148	316
Total expenditures	5,919	54,415	60,334
Excess (deficiency) of revenues over (under) expenditures	74,517	(21,229)	53,288
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Operating transfers-in	13,437	25,003	38,440
Operating transfers-out	(508)	(277)	(785)
Operating transfers to component units	(3)		(3)
Capital lease financing	26	18	44
Net other sources (uses) of financial resources	12,952	24,744	37,696
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources	87,469	3,515	90,984
Fund balances, July 1, 1997	645,644	9,803	655,447
FUND BALANCES, JUNE 30, 1998	$ 733,113	$ 13,318	$ 746,431

Combining Balance Sheet - Special Revenue Funds
State Board of Education
June 30, 1998 (Expressed in Thousands)

	Drivers Education	Special Education Medicaid Matching	Federal Department of Agriculture	Federal Department of Education	Total
ASSETS					
Cash and cash equivalents	$ 8,387		$ 720	$ 3,772	$ 12,879
Intergovernmental receivables, net	180	$ 11,131	40,596	35,217	87,124
Due from other funds	1,867			798	2,665
Inventories			1,701		1,701
Total assets	$ 10,434	$ 11,131	$ 43,017	$ 39,787	$ 104,369
LIABILITIES					
Accounts payable and accrued liabilities	$ 6		$ 8,180	$ 3,027	$ 11,213
Intergovernmental payables	23,623	$ 11,131	33,263	36,375	104,392
Due to other funds			356	198	554
Due to component units			12	187	199
Total liabilities	23,629	11,131	41,811	39,787	116,358
FUND BALANCES (DEFICIT)					
Reserved for:					
Encumbrances	6	1,676	102	132	1,916
Inventories			1,701		1,701
Unreserved, undesignated (deficits)	(13,201)	(1,676)	(597)	(132)	(15,606)
Total fund balances (deficit)	(13,195)	--	1,206	--	(11,989)
Total liabilities and fund balances	$ 10,434	$ 11,131	$ 43,017	$ 39,787	$ 104,369

State of Illinois

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances - Special Revenue Funds State Board of Education

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Drivers Education	Special Education Medicaid Matching	Federal Department of Agriculture	Federal Department of Education	Total
REVENUES					
Federal government		$ 158,544	$ 348,473	$ 651,477	$ 1,158,494
Licenses and fees	$ 11,359				11,359
Other	5,866			40	5,906
Total revenues	17,225	158,544	348,473	651,517	1,175,759
EXPENDITURES					
Current:					
Education	16,679	158,117	348,711	642,831	1,166,338
Debt service:					
Principal	5		13	13	31
Interest	1		2	2	5
Capital outlays	60		319	273	652
Total expenditures	16,745	158,117	349,045	643,119	1,167,026
Excess (deficiency) of revenues over (under) expenditures	480	427	(572)	8,398	8,733
OTHER USES OF FINANCIAL RESOURCES					
Operating transfers-out		(427)	(821)	(5,768)	(7,016)
Operating transfers to component units				(2,630)	(2,630)
Other (uses) of financial resources		(427)	(821)	(8,398)	(9,646)
Excess (deficiency) of revenues over (under) expenditures and other (uses) of financial resources	480	--	(1,393)	--	(913)
Fund balances (deficit), July 1, 1997	(13,675)	--	2,599	--	(11,076)
FUND BALANCES (DEFICIT), JUNE 30, 1998	$ (13,195)	$ --	$ 1,206	$ --	$ (11,989)

State of Illinois

Combining Balance Sheet - Special Revenue Funds
Other Agencies, Boards and Authorities
June 30, 1998 (Expressed in Thousands)

	Metropolitan Fair and Exposition Authority	State Fire Marshal	
	McCormick Place Expansion Project	Underground Storage Tank	Total
ASSETS			
Cash and cash equivalents		$ 36,115	$ 36,115
Receivables, net:			
Taxes		5,536	5,536
Other		117	117
Total assets	$ --	$ 41,768	$ 41,768
LIABILITIES			
Accounts payable and accrued liabilities		$ 4,270	$ 4,270
Intergovernmental payables		10	10
Due to other funds		38	38
Deferred revenues		8	8
Total liabilities		4,326	4,326
FUND BALANCES			
Unreserved, undesignated		37,442	37,442
Total fund balances		37,442	37,442
Total liabilities and fund balances	$ --	$ 41,768	$ 41,768

State of Illinois

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances - Special Revenue Funds Other Agencies, Boards and Authorities

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Metropolitan Fair and Exposition Authority McCormick Place Expansion Project	State Fire Marshal Underground Storage Tank	Total
REVENUES			
Motor fuel taxes		$ 59,772	$ 59,772
Licenses and fees		437	437
Other	$ 66,463	2,492	68,955
Total revenues	66,463	62,701	129,164
EXPENDITURES			
Current:			
General government	66,463	565	67,028
Public protection and justice		2,195	2,195
Natural resources and recreation		31,576	31,576
Capital outlays		98	98
Total expenditures	66,463	34,434	100,897
Excess of revenues over expenditures	-- --	28,267	28,267
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Operating transfers-in		1	1
Operating transfers-out		(13,895)	(13,895)
Net other sources (uses) of financial resources		(13,894)	(13,894)
Excess of revenues over expenditures and net other sources (uses) of financial resources	-- --	14,373	14,373
Fund balances, July 1, 1997	-- --	23,069	23,069
FUND BALANCES, JUNE 30, 1998	$ -- --	$ 37,442	$ 37,442

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DEBT SERVICE FUNDS

The Debt Service Funds are maintained to account for resources obtained and accumulated to pay interest and principal on general long-term obligations.

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SIGNIFICANT DEBT SERVICE FUNDS DESCRIPTIONS

Treasurer

General Obligation Bond Retirement and Interest Fund--to account for payments of principal and interest related to general obligation bonds. These bonds provide financing for the protection of the environment within the State; the acquisition, construction, reconstruction, extension, and improvement of highways; the acquisition, construction, reconstruction, and improvement of capital projects; the construction of facilities leased back to the State; and the development of mass transportation and aviation systems within the State.

Department of Commerce and Community Affairs

Illinois Civic Center Bond Retirement and Interest Fund--to account for the payment of principal and interest upon bonds issued to finance the construction of local civic centers. Funding consists of transfers from the Metropolitan Exposition Auditorium and Office Building Fund and investment income.

Bureau of the Budget

Build Illinois Bond Retirement and Interest Fund--to account for the payment of principal and interest upon bonds issued to finance improvements related to existing or planned scientific research, manufacturing or industrial development or expansion in Illinois. Funding consists of transfers from the Build Illinois Fund and investment income.

State of Illinois

Combining Balance Sheet
Debt Service Funds

June 30, 1998 (Expressed in Thousands)

	Treasurer	Commerce and Community Affairs	Bureau of the Budget		
	General Obligation BR&I	Illinois Civic Center BR&I	Build Illinois BR&I	Other	Total
ASSETS					
Cash and cash equivalents	$ 441,743	$ 11,363	$ 187,159	$ 9,976	$ 650,241
Investments		14,436	51,698	1,927	68,061
Receivables, net:					
Intergovernmental	8				8
Other	1,758	94	247	7	2,106
Loans and notes receivable	25,500				25,500
Total assets	$ 469,009	$ 25,893	$ 239,104	$ 11,910	$ 745,916
LIABILITIES					
Accounts payable and accrued liabilities			$ 38		$ 38
Due to other funds				$ 6	6
Due to component units				884	884
Other liabilities				302	302
Total liabilities			38	1,192	1,230
FUND BALANCES					
Reserved for:					
Encumbrances					
Long-term portion of loans and notes receivable	$ 25,500				25,500
Unreserved, designated for debt service	443,509	$ 25,893	239,066	10,718	719,186
Total fund balances	469,009	25,893	239,066	10,718	744,686
Total liabilities and fund balances	$ 469,009	$ 25,893	$ 239,104	$ 11,910	$ 745,916

State of Illinois

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances
Debt Service Funds
For the Year Ended June 30, 1998 (Expressed in Thousands)

	Treasurer	Commerce and Community Affairs	Bureau of the Budget		
	General Obligation BR&I	Illinois Civic Center BR&I	Build Illinois BR&I	Other	Total
REVENUES					
Federal government	$ 316				$ 316
Licenses and fees	202				202
Interest and other investment income	24,724	$ 878	$ 13,879	$ 299	39,780
Other	281			130	411
Total revenues	25,523	878	13,879	429	40,709
EXPENDITURES					
Current:					
Health and social services				605	605
General government		28	79	4	111
Natural resources and recreation				1,593	1,593
Debt service:					
Principal	427,305	3,811	65,766	2,655	499,537
Interest	256,840	9,591	90,974	7,815	365,020
Total expenditures	684,145	13,430	156,819	12,472	866,866
(Deficiency) of revenues (under) expenditures	(658,622)	(12,552)	(142,940)	(12,043)	(826,157)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Proceeds from general/special obligation bond refunding issues	123,257				123,257
Operating transfers-in	689,431	14,872	212,650	16,512	933,465
Operating transfers-out				(1,663)	(1,663)
Payment to refunded bond escrow agent	(123,257)				(123,257)
Net other sources (uses) of financial resources	689,431	14,872	212,650	14,849	931,802
(Deficiency) of revenues (under) expenditures and net other sources (uses) of financial resources	30,809	2,320	69,710	2,806	105,645
Fund balances, July 1, 1997	438,200	23,573	169,356	7,912	639,041
FUND BALANCES, JUNE 30, 1998	$ 469,009	$ 25,893	$ 239,066	$ 10,718	$ 744,686

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CAPITAL PROJECTS FUNDS

The Capital Projects Funds are maintained to account for the acquisition and/or construction of major capital facilities.

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SIGNIFICANT CAPITAL PROJECTS FUNDS DESCRIPTIONS

Department of Central Management Services

ESCO COP Capital Projects Fund--to account for proceeds from issuance of certificates of participation for energy service agreements at various sites within the State. Also to receive lease payments from other State agencies for the agreements.

EPA COP Capital Projects Fund--to account for proceeds from the issuance of certificates of participation for the purchase and renovation of a building for use by the Environmental Protection Agency.

Department of Commerce and Community Affairs

Build Illinois Bond Fund--to account for the proceeds of bond sales from the Build Illinois Bond Program. The proceeds are used to finance improvements related to scientific research, manufacturing, and industrial development or expansion.

Department of Natural Resources

Conservation 2000 Projects Fund--to receive proceeds from general obligation bonds from the Capital Development Board and other monies as may be provided by law. Monies in the fund are to be used for purposes relating to natural resource protection, recreation, tourism, and compatible agricultural and economic development activities.

Department of Transportation

Transportation Bond Series B Fund--to provide funds through the sale of bond issues for mass transportation and aviation purposes including, but not limited to, the acquisition of mass transportation equipment, including rail and bus, and other equipment for counties under the Regional Transportation Authority.

Capital Development Board

Capital Development Fund--to account for proceeds from bond issues and disbursements for capital development projects within the State.

Capital Development Board Contributory Trust Fund--to account for local, state, and federal funding for the construction and remodeling of buildings, and the purchase of land and equipment in connection with the various contributing educational institutions, State departments and agencies as authorized by law.

Environmental Protection Agency

Anti-Pollution Fund--to account for proceeds from bond issues and disbursements for the planning, financing, and construction of municipal sewage treatment works and solid waste disposal facilities.

State of Illinois

Combining Balance Sheet
Capital Projects Funds
June 30, 1998 (Expressed in Thousands)

	Departments				Agencies, Boards and Authorities	
	Central Management Services	Commerce and Community Affairs Build Illinois Bond	Natural Resources Conservation 2000 Projects	Transportation Transportation Bond Series B	Capital Development Board	Environmental Protection Agency Anti-Pollution
ASSETS						
Cash and cash equivalents	$ 690	$ 19,918	$ 8,605	$ 28,978	$ 312,522	$ 20,400
Investments	78					
Receivables, net:						
Intergovernmental					1,485	
Other						
Due from component units	7,400					
Total assets	$ 8,168	$ 19,918	$ 8,605	$ 28,978	$ 314,007	$ 20,400
LIABILITIES						
Accounts payable and accrued liabilities		$ 1,049	$ 378	$ 2,899	$ 38,772	$ 5
Intergovernmental payables				767	9	
Due to other funds					1,158	
Due to component units					290	
Deferred revenues					5,317	
Other liabilities					300	
Total liabilities		1,049	378	3,666	45,846	5
FUND BALANCES						
Reserved for encumbrances		6,951	3,723	116,815	125,251	42,406
Unreserved, undesignated (deficit)	$ 8,168	11,918	4,504	(91,503)	142,910	(22,011)
Total fund balances	8,168	18,869	8,227	25,312	268,161	20,395
Total liabilities and fund balances	$ 8,168	$ 19,918	$ 8,605	$ 28,978	$ 314,007	$ 20,400

Other	Total
$ 7,031	$ 398,144
	78
	1,485
1,024	1,024
	7,400
$ 8,055	$ 408,131
$ 24	$ 43,127
	776
	1,158
	290
	5,317
	300
24	50,968
25	295,171
8,006	61,992
8,031	357,163
$ 8,055	$ 408,131

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances
Capital Projects Funds
For the Year Ended June 30, 1998 (Expressed in Thousands)

	Departments				Agencies, Boards and Authorities	
	Central Management Services	Commerce and Community Affairs Build Illinois Bond	Natural Resources Conservation 2000 Projects	Transportation Transportation Bond Series B	Capital Development Board	Environmental Protection Agency Anti-Pollution
REVENUES						
Federal government					$ 3,546	
Interest and other investment income	$ 1,121				2	
Other					7,743	
Total revenues	1,121				11,291	
EXPENDITURES						
Current:						
Health and social services	100				923	
Education		$ 221			34,917	
General government	15	301	$ 378		41,734	
Transportation		204		$ 56,487	217	
Natural resources and recreation		17,372			1,158	
Debt service:						
Interest					24	
Capital outlays	31,502	417	395		120,970	
Total expenditures	31,617	18,515	773	56,487	199,943	
(Deficiency) of revenues (under) expenditures	(30,496)	(18,515)	(773)	(56,487)	(188,652)	
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Proceeds from general/special obligation bond issues				46,642	516,060	$ 29,703
Proceeds from general/special obligation bond refunding issues		148,070				
Operating transfers-in	1,217		6,000			
Operating transfers-out	(3,067)			(843)	(6,083)	(13,437)
Operating transfers to component units		(3,738)			(57,489)	
Payment to refunded bond escrow agent		(148,070)				
Net other sources (uses) of financial resources	(1,850)	(3,738)	6,000	45,799	452,488	16,266
(Deficiency) of revenues (under) expenditures and net other sources (uses) of financial resources	(32,346)	(22,253)	5,227	(10,688)	263,836	16,266
Fund balances, July 1, 1997	40,514	41,122	3,000	36,000	4,325	4,129
FUND BALANCES, JUNE 30, 1998	$ 8,168	$ 18,869	$ 8,227	$ 25,312	$ 268,161	$ 20,395

Other	Total
	$ 3,546
$ 31	1,154
175	7,918
206	12,618
	1,023
174	35,312
1,643	44,071
	56,908
	18,530
	24
10	153,294
1,827	309,162
(1,621)	(296,544)
5,023	597,428
37,411	185,481
7	7,224
(705)	(24,135)
(288)	(61,515)
(37,411)	(185,481)
4,037	519,002
2,416	222,458
5,615	134,705
$ 8,031	$ 357,163

State of Illinois

Combining Balance Sheet - Capital Projects Funds
Department of Central Management Services
June 30, 1998 (Expressed in Thousands)

	Certificates of Participation			
	ESCO Capital Projects	DPA Capital Projects	EPA Capital Projects	Total
ASSETS				
Cash and cash equivalents	$ 2	$ 2	$ 686	$ 690
Investments	78			78
Due from component units	7,400			7,400
Total assets	$ 7,480	$ 2	$ 686	$ 8,168
FUND BALANCES				
Unreserved, undesignated	$ 7,480	$ 2	$ 686	$ 8,168
Total fund balances	7,480	2	686	8,168
Total liabilities and fund balances	$ 7,480	$ 2	$ 686	$ 8,168

State of Illinois

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances - Capital Projects Funds
Department of Central Management Services
For the Year Ended June 30, 1998 (Expressed in Thousands)

	Certificates of Participation			
	ESCO Capital Projects	DPA Capital Projects	EPA Capital Projects	Total
REVENUES				
Interest and other investment income	$ 608	$ 115	$ 398	$ 1,121
Total revenues	608	115	398	1,121
EXPENDITURES				
Current:				
Health and social services		100		100
General government	15			15
Capital outlays		18,626	12,876	31,502
Total expenditures	15	18,726	12,876	31,617
Excess (deficiency) of revenues over (under) expenditures	593	(18,611)	(12,478)	(30,496)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Operating transfers-in	1,217			1,217
Operating transfers-out	(2,406)	(661)		(3,067)
Net other sources (uses) of financial resources	(1,189)	(661)		(1,850)
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources	(596)	(19,272)	(12,478)	(32,346)
Fund balances, July 1, 1997	8,076	19,274	13,164	40,514
FUND BALANCES, JUNE 30, 1998	$ 7,480	$ 2	$ 686	$ 8,168

State of Illinois

Combining Balance Sheet - Capital Projects Funds
Capital Development Board
June 30, 1998 (Expressed in Thousands)

	Capital Development	CDB Contributory Trust	Total
ASSETS			
Cash and cash equivalents	$ 306,234	$ 6,288	$ 312,522
Intergovernmental receivables		1,485	1,485
Total assets	$ 306,234	$ 7,773	$ 314,007
LIABILITIES			
Accounts payable and accrued liabilities	$ 36,325	$ 2,447	$ 38,772
Intergovernmental payables		9	9
Due to other funds	1,158		1,158
Due to component units	290		290
Deferred revenues		5,317	5,317
Other liabilities	300		300
Total liabilities	38,073	7,773	45,846
FUND BALANCES			
Reserved for encumbrances	116,039	9,212	125,251
Unreserved, undesignated (deficit)	152,122	(9,212)	142,910
Total fund balances	268,161	-- --	268,161
Total liabilities and fund balances	$ 306,234	$ 7,773	$ 314,007

State of Illinois

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances - Capital Projects Funds
Capital Development Board

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Capital Development	CDB Contributory Trust	Total
REVENUES			
Federal government		$ 3,546	$ 3,546
Interest and other investment income	$ 2		2
Other		7,743	7,743
Total revenues	2	11,289	11,291
EXPENDITURES			
Current:			
Health and social services	923		923
Education	28,085	6,832	34,917
General government	41,144	590	41,734
Transportation	217		217
Natural resources and recreation	1,158		1,158
Debt service:			
Interest	24		24
Capital outlays	117,653	3,317	120,970
Total expenditures	189,204	10,739	199,943
Excess (deficiency) of revenues over (under) expenditures	(189,202)	550	(188,652)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Proceeds from general/special obligation bond issues	516,060		516,060
Operating transfers-out	(6,000)	(83)	(6,083)
Operating transfers to component units	(57,022)	(467)	(57,489)
Net other sources (uses) of financial resources	453,038	(550)	452,488
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources	263,836	-- --	263,836
Fund balances, July 1, 1997	4,325	-- --	4,325
FUND BALANCES, JUNE 30, 1998	$ 268,161	$ -- --	$ 268,161

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ENTERPRISE FUNDS

Enterprise Funds are maintained to account for the operations where the intent of the State is to provide services to the general public in a manner similar to private business enterprises.

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SIGNIFICANT ENTERPRISE FUNDS DESCRIPTIONS

Department of Central Management Services

Local Government Health Insurance Reserve Fund--to provide health and dental insurance to participating local government entities. Premiums are collected from units of local government and the insurance plan is administered by private companies.

Teacher Health Insurance Security Fund--to provide health benefits for the Teachers' Retirement System recipient and dependent beneficiaries.

Department of Lottery

State Lottery Fund--to account for all receipts and expenses from the operation of the State Lottery. The net proceeds are transferred to the General Fund.

Student Assistance Commission

Designated Account Purchase Program Fund--to account for bond proceeds used to purchase defaulted loans from lenders. Revenue is generated primarily from investment income and bond proceeds.

Illinois Opportunity Loan Program Fund--to account for a direct loan program that assists full-time Illinois college students.

State of Illinois

Combining Balance Sheet
Enterprise Funds

June 30, 1998 (Expressed in Thousands)

	Departments			Higher Education		
		Insurance	Lottery			
	Central Management Services	Office of the Special Deputy Receiver	State Lottery	Student Assistance Commission	Other	Total
ASSETS						
Cash and cash equivalents	$ 43,834	$ 377	$ 1,954	$ 40,693	$ 12,163	$ 99,021
Investments, short-term			17,830	63,839	8,899	90,568
Receivables, net:						
Intergovernmental	261			7,863		8,124
Other	2,789	2,010	20,138	15,717	4,036	44,690
Due from other funds			51,546		339	51,885
Inventories			3,274		1,779	5,053
Prepaid expenses			96	140	108	344
Restricted assets ($155,415 cash equivalents)				157,230		157,230
Total current assets	46,884	2,387	94,838	285,482	27,324	456,915
Investments			74,463		5,475	79,938
Loans and notes receivable				914,507		914,507
Restricted assets				143,948		143,948
Property, plant and equipment, net			1,400	291	2,196	3,887
Total assets	$ 46,884	$ 2,387	$ 170,701	$ 1,344,228	$ 34,995	$ 1,599,195
LIABILITIES						
Accounts payable and accrued liabilities	$ 12,862	$ 2,006	$ 44,152	$ 16,976	$ 2,982	$ 78,978
Due to other funds	335		1,677		5,114	7,126
Deferred revenues			2,624		8,295	10,919
Notes payable, current				95,954		95,954
Revenue bonds payable, current				387,513		387,513
Other liabilities	82	381	17,852	3,939	3,225	25,479
Total current liabilities	13,279	2,387	66,305	504,382	19,616	605,969
Revenue bonds payable				752,590		752,590
Other obligations			74,480			74,480
Total liabilities	13,279	2,387	140,785	1,256,972	19,616	1,433,039
FUND EQUITY						
Retained earnings:						
Reserved for:						
Revenue bond and note retirement				87,256		87,256
Other			29,916			29,916
Unreserved	33,605				15,379	48,984
Total fund equity	33,605		29,916	87,256	15,379	166,156
Total liabilities and fund equity	$ 46,884	$ 2,387	$ 170,701	$ 1,344,228	$ 34,995	$ 1,599,195

State of Illinois

Combining Statement of Revenues, Expenses and Changes in Retained Earnings Enterprise Funds

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Departments			Higher Education		
		Insurance	Lottery			
	Central Management Services	Office of the Special Deputy Receiver	State Lottery	Student Assistance Commission	Other	Total
OPERATING REVENUES						
Charges for sales and services	$ 112,809	$ 75,340	$ 1,516,456		$ 58,050	$ 1,762,655
Interest and other investment income				$ 88,097		88,097
Other	3,077		25,282		498	28,857
Total operating revenues	115,886	75,340	1,541,738	88,097	58,548	1,879,609
OPERATING EXPENSES						
Cost of sales and services		8,250	104,822	625	44,805	158,502
Benefit payments and refunds	145,031				5	145,036
Prizes and claims			842,343			842,343
Interest				57,319		57,319
General and administrative	3,217	65,010	58,844	18,656	2,109	147,836
Depreciation			685	130	666	1,481
Other		2,080		1,844	8,156	12,080
Total operating expenses	148,248	75,340	1,006,694	78,574	55,741	1,364,597
Operating income (loss)	(32,362)	-- --	535,044	9,523	2,807	515,012
NONOPERATING REVENUES (EXPENSES)						
Interest and investment income	2,056		99	880	1,162	4,197
Interest expense				(1,902)		(1,902)
Other revenues					252	252
Other expenses					(257)	(257)
Income (loss) before operating transfers	(30,306)	-- --	535,143	8,501	3,964	517,302
Operating transfers-in	26,061		2		18	26,101
Operating transfers-out	(7)		(533,195)	(641)	(3,705)	(537,548)
Net income (loss)	(4,232)	-- --	1,950	7,860	277	5,855
Retained earnings, July 1,1997, as previously reported	37,837		27,966	79,396	15,149	160,348
Restatement of retained earnings					(47)	(47)
Retained earnings, July 1, 1997, as restated	37,837	-- --	27,966	79,396	15,102	160,301
RETAINED EARNINGS, JUNE 30, 1998	$ 33,605	$ -- --	$ 29,916	$ 87,256	$ 15,379	$ 166,156

State of Illinois

Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 1998 (Expressed in Thousands)

	Departments			Higher Education		
		Insurance	Lottery			
	Central Management Services	Office of the Special Deputy Receiver	State Lottery	Student Assistance Commission	Other	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from sales and services	$ 116,342	$ 75,307	$ 1,513,889		$ 55,704	$ 1,761,242
Cash payments to suppliers for goods and services	(141,413)	(75,316)	(76,679)	$ (12,214)	(26,769)	(334,391)
Cash payments to employees for services	(2,897)		(85,779)	(6,737)	(20,159)	(115,572)
Cash payments for lottery prizes			(796,920)			(796,920)
Cash receipts from other operating activities			2,095	181,906	477	184,478
Cash payments for other operating activities				(316,050)	(7,543)	(323,593)
Net cash provided (used) by operating activities	(27,968)	(9)	554,606	(153,095)	1,710	375,244
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Proceeds from sale of revenue bonds and other borrowing				219,075	1,250	220,325
Principal paid on revenue bonds and other borrowing				(21,600)		(21,600)
Interest paid on revenue bonds and other borrowing				(1,902)		(1,902)
Operating transfers-in from other funds	26,081		395		18	26,494
Operating transfers-out to other funds	(7)		(560,061)	(641)	(3,477)	(564,186)
Other noncapital financing activities					(5)	(5)
Net cash provided (used) by noncapital financing activities	26,074		(559,666)	194,932	(2,214)	(340,874)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets			(408)	(189)	(781)	(1,378)
Principal paid on bond maturities and equipment contracts				(9,782)	(4)	(9,786)
Net cash (used) in capital and related financing activities			(408)	(9,971)	(785)	(11,164)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investment securities				(258,432)	(11,450)	(269,882)
Proceeds from sale and maturities of investment securities				251,922	10,200	262,122
Interest and dividends on investments	2,082		99	826	1,178	4,185
Net cash provided (used) by investing activities	2,082		99	(5,684)	(72)	(3,575)
Net increase (decrease) in cash and cash equivalents	188	(9)	(5,369)	26,162	(1,361)	19,631
Cash and cash equivalents, July 1, 1997	43,646	386	7,323	169,926	13,524	234,805
CASH AND CASH EQUIVALENTS, JUNE 30, 1998	$ 43,834	$ 377	$ 1,954	$ 196,108	$ 12,163	$ 254,436
Reconciliation of cash and cash equivalents to the balance sheet:						
Total cash and cash equivalents per the balance sheet	$ 43,834	$ 377	$ 1,954	$ 40,693	$ 12,163	$ 99,021
Add: restricted cash equivalents				155,415		155,415
CASH AND CASH EQUIVALENTS, JUNE 30, 1998	$ 43,834	$ 377	$ 1,954	$ 196,108	$ 12,163	$ 254,436
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	$ (32,362)	$ --	$ 535,044	$ 9,523	$ 2,807	$ 515,012
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation			685	130	666	1,481
Provision for uncollectible accounts			(46)			(46)
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	913	(32)	(2,536)	(169,668)	491	(170,834)
(Increase) decrease in due from other funds					(153)	(153)
(Increase) decrease in inventories			(430)		97	(333)
(Increase) decrease in prepaid expenses			(7)	142	(8)	127
Increase (decrease) in accounts payable and accrued liabilities	3,163	25	21,882	6,963	(1,293)	30,740
Increase (decrease) in intergovernmental payables					(5)	(5)
Increase (decrease) in due to other funds	317				108	425
Increase (decrease) in deferred revenues			16		104	120
Increase (decrease) in other liabilities	1	(4)		(185)	(1,193)	(1,381)
Other		2			89	91
Total adjustments	4,394	(9)	19,562	(162,618)	(1,097)	(139,768)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (27,968)	$ (9)	$ 554,606	$ (153,095)	$ 1,710	$ 375,244

State of Illinois

Combining Balance Sheet - Enterprise Funds
Department of Central Management Services
June 30, 1998 (Expressed In Thousands)

	Local Government Health Insurance Reserve	Teacher Health Insurance Security	Total
ASSETS			
Cash and cash equivalents	$ 4,655	$ 39,179	$ 43,834
Receivables, net:			
Intergovernmental	261		261
Other	876	1,913	2,789
Total assets	$ 5,792	$ 41,092	$ 46,884
LIABILITIES			
Accounts payable and accrued liabilities	$ 5,793	$ 7,069	$ 12,862
Due to other funds	25	310	335
Other liabilities	47	35	82
Total liabilities	5,865	7,414	13,279
FUND EQUITY (DEFICIT)			
Retained earnings, unreserved (deficit)	(73)	33,678	33,605
Total fund equity (deficit)	(73)	33,678	33,605
Total liabilities and fund equity	$ 5,792	$ 41,092	$ 46,884

State of Illinois

Combining Statement of Revenues, Expenses and Changes in Retained Earnings - Enterprise Funds Department of Central Management Services

For the Year Ended June 30, 1998 (Expressed In Thousands)

	Local Government Health Insurance Reserve	Teacher Health Insurance Security	Total
OPERATING REVENUES			
Charges for sales and services	$ 43,699	$ 69,110	$ 112,809
Other	2,255	822	3,077
Total operating revenues	45,954	69,932	115,886
OPERATING EXPENSES			
Benefit payments and refunds	52,774	92,257	145,031
General and administrative	821	2,396	3,217
Total operating expenses	53,595	94,653	148,248
Operating (loss)	(7,641)	(24,721)	(32,362)
NONOPERATING REVENUES			
Investment income	273	1,783	2,056
(Loss) before operating transfers	(7,368)	(22,938)	(30,306)
Operating transfers-in		26,081	26,081
Operating transfers-out	(2)	(5)	(7)
Net income (loss)	(7,370)	3,138	(4,232)
Retained earnings, July 1,1997	7,297	30,540	37,837
RETAINED EARNINGS (DEFICIT), JUNE 30, 1998	$ (73)	$ 33,678	$ 33,605

State of Illinois

Combining Statement of Cash Flows - Enterprise Funds
Department of Central Management Services
For the Year Ended June 30, 1998 (Expressed In Thousands)

	Local Government Health Insurance Reserve	Teacher Health Insurance Security	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sales and services	$ 46,473	$ 69,869	$ 116,342
Cash payments to suppliers for goods and services	(51,743)	(89,670)	(141,413)
Cash payments to employees for services	(501)	(2,396)	(2,897)
Net cash (used) in operating activities	(5,771)	(22,197)	(27,968)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating transfers-in from other funds		26,081	26,081
Operating transfers-out to other funds	(2)	(5)	(7)
Net cash provided (used) by noncapital financing activities	(2)	26,076	26,074
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends on investments	299	1,783	2,082
Net cash provided by investing activities	299	1,783	2,082
Net increase (decrease) in cash and cash equivalents	(5,474)	5,662	188
Cash and cash equivalents, July 1, 1997	10,129	33,517	43,646
CASH AND CASH EQUIVALENTS, JUNE 30, 1998	$ 4,655	$ 39,179	$ 43,834
Reconciliation of operating (loss) to net cash provided (used) by operating activities:			
Operating (loss)	$ (7,641)	$ (24,721)	$ (32,362)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	976	(63)	913
Increase (decrease) in accounts payable and accrued liabilities	881	2,282	3,163
Increase (decrease) in due to other funds	15	302	317
Increase (decrease) in other liabilities	(2)	3	1
Total adjustments	1,870	2,524	4,394
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (5,771)	$ (22,197)	$ (27,968)

State of Illinois

Combining Balance Sheet - Enterprise Funds
Student Assistance Commission
June 30, 1998 (Expressed In Thousands)

	Designated Account Purchase Program	Opportunity Loan Program	Total
ASSETS			
Cash and cash equivalents	$ 38,519	$ 2,174	$ 40,693
Investments, short-term	52,870	10,969	63,839
Receivables, net:			
Intergovernmental	7,863		7,863
Other	14,331	1,386	15,717
Prepaid expenses		140	140
Restricted assets ($155,415 cash equivalents)	157,230		157,230
Total current assets	270,813	14,669	285,482
Loans and notes receivable	895,049	19,458	914,507
Restricted assets	143,948		143,948
Property, plant and equipment, net	291		291
Total assets	$ 1,310,101	$ 34,127	$ 1,344,228
LIABILITIES			
Accounts payable and accrued liabilities	$ 16,976		$ 16,976
Notes payable, current	95,954		95,954
Revenue bonds payable, net current	382,375	$ 5,138	387,513
Other liabilities		3,939	3,939
Total current liabilities	495,305	9,077	504,382
Revenue bonds payable	733,241	19,349	752,590
Total liabilities	1,228,546	28,426	1,256,972
FUND EQUITY			
Retained earnings:			
Reserved for revenue bond and note retirement	81,555	5,701	87,256
Total fund equity	81,555	5,701	87,256
Total liabilities and fund equity	$ 1,310,101	$ 34,127	$ 1,344,228

State of Illinois

Combining Statement of Revenues, Expenses and Changes in Retained Earnings - Enterprise Funds
Student Assistance Commission
For the Year Ended June 30, 1998 (Expressed in Thousands)

	Designated Account Purchase Program	Opportunity Loan Program	Total
OPERATING REVENUES			
Interest and other investment income	$ 86,351	$ 1,746	$ 88,097
Total operating revenues	86,351	1,746	88,097
OPERATING EXPENSES			
Cost of sales and services		625	625
Interest	57,319		57,319
General and administrative	18,656		18,656
Depreciation	130		130
Other	1,844		1,844
Total operating expenses	77,949	625	78,574
Operating income	8,402	1,121	9,523
NONOPERATING REVENUES (EXPENSES)			
Investment income		880	880
Interest expense		(1,902)	(1,902)
Income before operating transfers	8,402	99	8,501
Operating transfers-out	(641)		(641)
Net income	7,761	99	7,860
Retained earnings, July 1,1997	73,794	5,602	79,396
RETAINED EARNINGS, JUNE 30, 1998	$ 81,555	$ 5,701	$ 87,256

State of Illinois

Combining Statement of Cash Flows - Enterprise Funds
Student Assistance Commission
For the Year Ended June 30, 1998 (Expressed in Thousands)

	Designated Account Purchase Program	Opportunity Loan Program	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash payments to suppliers for goods and services	$ (11,589)	$ (625)	$ (12,214)
Cash payments to employees for services	(6,737)		(6,737)
Cash receipts from other operating activities	168,114	13,792	181,906
Cash payments for other operating activities	(316,050)		(316,050)
Net cash provided (used) by operating activities	(166,262)	13,167	(153,095)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Proceeds from sale of revenue bonds and other borrowing	219,075		219,075
Principal paid on revenue bonds and other borrowing	(21,600)		(21,600)
Interest paid on revenue bonds and other borrowing		(1,902)	(1,902)
Operating transfers-out to other funds	(641)		(641)
Net cash provided (used) by noncapital financing activities	196,834	(1,902)	194,932
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(189)		(189)
Principal paid on revenue bond maturities and equipment contracts		(9,782)	(9,782)
Net cash (used) in capital and related financing activities	(189)	(9,782)	(9,971)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities	(256,408)	(2,024)	(258,432)
Proceeds from sale and maturities of investment securities	251,922		251,922
Interest and dividends on investments	(54)	880	826
Net cash (used) in investing activities	(4,540)	(1,144)	(5,684)
Net increase in cash and cash equivalents	25,843	339	26,182
Cash and cash equivalents, July 1, 1997	168,091	1,835	169,926
CASH AND CASH EQUIVALENTS, JUNE 30, 1998	$ 193,934	$ 2,174	$ 196,108
Reconciliation of cash and cash equivalents to the balance sheet:			
Total cash and cash equivalents per the balance sheet	$ 38,519	$ 2,174	$ 40,693
Add: restricted cash equivalents	155,415		155,415
CASH AND CASH EQUIVALENTS, JUNE 30, 1998	$ 193,934	$ 2,174	$ 196,108
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$ 8,402	$ 1,121	$ 9,523
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	130		130
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(179,157)	9,489	(169,668)
(Increase) decrease in prepaid expenses	807	(665)	142
Increase (decrease) in accounts payable and accrued liabilities	3,556	3,407	6,963
Increase (decrease) in other liabilities		(185)	(185)
Total adjustments	(174,664)	12,046	(162,618)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (166,262)	$ 13,167	$ (153,095)

INTERNAL SERVICE FUNDS

Internal Service Funds are maintained to account for the operations of state agencies which render services to other State agencies or governmental units on a cost-reimbursement basis.

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SIGNIFICANT INTERNAL SERVICE FUNDS DESCRIPTIONS

Central Management Services

State Garage Revolving Fund--to account for the operation and maintenance of State garages including the servicing and repair of all automotive equipment owned or controlled by the State. Revenues consist of charges to user agencies.

Statistical Services Revolving Fund--to account for the purchase, maintenance, and operation of electronic data processing and information devices used by State agencies. Revenues consist of charges from the user agencies.

Communications Revolving Fund--to account for the expenses related to telecommunications services for State agencies. Revenues consist of reimbursements from user agencies.

Health Insurance Reserve Fund--to account for the self-insurance medical and dental plan for State employees and qualified dependents. This fund records all contributions, appropriations, interest, dividends, and expenses related to the plan.

Department of Corrections

Working Capital Revolving Fund--to account for the income and expenses associated with the industrial operations at the several State institutions.

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State of Illinois

Combining Balance Sheet
Internal Service Funds
June 30, 1998 (Expressed In Thousands)

	Departments			
		Corrections		
	Central Management Services	Working Capital Revolving	Other	Total
ASSETS				
Cash and cash equivalents	$ 112,030	$ 7,430	$ 1,945	$ 121,405
Receivables, net:				
Intergovernmental	364	106	61	531
Other	1,184	379	2	1,565
Due from other funds	132,078	5,942	411	138,431
Due from component units	3,178	141	5	3,324
Inventories	1,422	11,524	136	13,084
Prepaid expenses	608	17		625
Total current assets	250,864	25,539	2,562	278,965
Restricted assets	108			108
Property, plant and equipment, net	30,848	8,489	175	39,512
Total assets	$ 281,820	$ 34,028	$ 2,737	$ 318,585
LIABILITIES				
Accounts payable and accrued liabilities	$ 130,336	$ 3,037	$ 338	$ 133,711
Intergovernmental payables	47			47
Due to other funds	3,711	325	52	4,088
Due to component units	32		1	33
Deferred revenues	8,000			8,000
Other liabilities	46,204	1,583	283	48,070
Total current liabilities	188,330	4,945	674	193,949
Other obligations	2,638	43	4	2,685
Total liabilities	190,968	4,988	678	196,634
FUND EQUITY				
Contributed capital	9,292	9,179	702	19,173
Retained earnings, unreserved	81,560	19,861	1,357	102,778
Total fund equity	90,852	29,040	2,059	121,951
Total liabilities and fund equity	$ 281,820	$ 34,028	$ 2,737	$ 318,585

State of Illinois

Combining Statement of Revenues, Expenses and Changes in Retained Earnings Internal Service Funds

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Departments			
	Central Management Services	Corrections Working Capital Revolving	Other	Total
OPERATING REVENUES				
Charges for sales and services	$ 954,559	$ 45,111	$ 4,555	$ 1,004,225
Interest and other investment income	6		19	25
Other	257	402	54	713
Total operating revenues	954,822	45,513	4,628	1,004,963
OPERATING EXPENSES				
Cost of sales and services	142,267	35,046	2,234	179,567
Benefit payments and refunds	569,767			569,767
Interest	602			602
General and administrative	23,847	5,050	2,417	31,314
Depreciation	22,467	1,578	140	24,185
Other	8,004		6	8,010
Total operating expenses	766,974	41,674	4,797	813,445
Operating income (loss)	187,848	3,839	(169)	191,518
NONOPERATING REVENUES (EXPENSES)				
Investment income	2,147	2		2,149
Interest expense	(176)	(7)		(183)
Other revenues	208	107	22	337
Other expenses	(1,856)	(80)	(3)	(1,939)
Income (loss) before operating transfers	188,171	3,861	(150)	191,882
Operating transfers-in	1,515			1,515
Operating transfers-out	(17)	(35)	(13)	(65)
Operating transfers to component units	(192,730)			(192,730)
Net income (loss)	(3,061)	3,826	(163)	602
Retained earnings, July 1,1997	84,621	16,035	1,520	102,176
RETAINED EARNINGS, JUNE 30, 1998	$ 81,560	$ 19,861	$ 1,357	$ 102,778

State of Illinois

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 1998 (Expressed in Thousands)

	Departments			
	Central Management Services	Corrections Working Capital Revolving	Other	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from sales and services	$ 947,480	$ 43,148	$ 4,553	$ 995,181
Cash payments to suppliers for goods and services	(668,473)	(26,999)	(2,218)	(697,690)
Cash payments to employees for services	(38,272)	(13,134)	(2,492)	(53,898)
Cash receipts from other operating activities	24		19	43
Cash payments for other operating activities		(1,330)	(53)	(1,383)
Net cash provided (used) by operating activities	240,759	1,685	(191)	242,253
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating transfers-in from other funds	1,515		49	1,564
Operating transfers-out to other funds	(17)	(35)	(62)	(114)
Operating transfers to component units	(192,730)			(192,730)
Other noncapital financing activities		79		79
Net cash provided (used) by noncapital financing activities	(191,232)	44	(13)	(191,201)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(8,002)	(1,628)	(86)	(9,716)
Principal paid on bond maturities and equipment contracts	(12,976)	(85)		(13,061)
Interest paid on bond maturities and equipment contracts	(176)	(7)		(183)
Net cash (used) in capital and related financing activities	(21,154)	(1,720)	(86)	(22,960)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends on investments	2,147		22	2,169
Net cash provided by investing activities	2,147		22	2,169
Net increase (decrease) in cash and cash equivalents	30,520	9	(268)	30,261
Cash and cash equivalents, July 1, 1997	81,510	7,421	2,213	91,144
CASH AND CASH EQUIVALENTS, JUNE 30, 1998	$ 112,030	$ 7,430	$ 1,945	$ 121,405
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 187,848	$ 3,839	$ (169)	$ 191,518
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	22,467	1,578	140	24,185
Provision for uncollectible accounts	1,257		1	1,258
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(446)	7	7	(432)
(Increase) decrease in due from other funds	(55,767)	(1,572)	(63)	(57,402)
(Increase) decrease in due from component units	1,054	(130)	(2)	922
(Increase) decrease in inventories	(95)	(1,459)	6	(1,548)
(Increase) decrease in prepaid expenses	(115)	(6)		(121)
Increase (decrease) in accounts payable and accrued liabilities	50,113	(926)	105	49,292
Increase (decrease) in intergovernmental payables	6			6
Increase (decrease) in due to other funds	1,752	325	(220)	1,857
Increase (decrease) in due to component units	29	(2)	(7)	20
Increase (decrease) in deferred revenues	8,000			8,000
Increase (decrease) in other liabilities	24,658	31	11	24,698
Total adjustments	52,911	(2,154)	(22)	50,735
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 240,759	$ 1,685	$ (191)	$ 242,253
Noncash investing, capital, and financing activities				
Capital leases (initial year):				
Fair market value	$ 351	$ --	$ --	$ 351

Combining Balance Sheet - Internal Service Funds
Department of Central Management Services
June 30, 1998 (Expressed in Thousands)

	State Garage Revolving	Statistical Services Revolving	Commun-ications Revolving	Health Insurance Reserve	Total
ASSETS					
Cash and cash equivalents	$ 744	$ 47,764	$ 40,235	$ 23,287	$ 112,030
Receivables, net:					
Intergovernmental	50	9	305		364
Other			1,059	125	1,184
Due from other funds	5,423	26,324	20,331	80,000	132,078
Due from component units	4	17	404	2,753	3,178
Inventories	1,301	121			1,422
Prepaid expenses		608			608
Total current assets	7,522	74,843	62,334	106,165	250,864
Restricted assets	108				108
Property, plant and equipment, net	2,970	16,746	11,132		30,848
Total assets	$ 10,600	$ 91,589	$ 73,466	$ 106,165	$ 281,820
LIABILITIES					
Accounts payable and accrued liabilities	$ 4,853	$ 4,863	$ 16,015	$ 104,605	$ 130,336
Intergovernmental payables	5	42			47
Due to other funds	199	581	1,744	1,187	3,711
Due to component units	2	30			32
Deferred revenues		8,000			8,000
Other liabilities	2,431	40,879	2,521	373	46,204
Total current liabilities	7,490	54,395	20,280	106,165	188,330
Other obligations	1,734	866	38		2,638
Total liabilities	9,224	55,261	20,318	106,165	190,968
FUND EQUITY					
Contributed capital	1,078	8,157	57		9,292
Retained earnings, unreserved	298	28,171	53,091		81,560
Total fund equity	1,376	36,328	53,148		90,852
Total liabilities and fund equity	$ 10,600	$ 91,589	$ 73,466	$ 106,165	$ 281,820

State of Illinois

Combining Statement of Revenues, Expenses and Changes in Retained Earnings - Internal Service Funds Department of Central Management Services

For the Year Ended June 30, 1998 (Expressed in Thousands)

	State Garage Revolving	Statistical Services Revolving	Commun-ications Revolving	Health Insurance Reserve	Total
OPERATING REVENUES					
Charges for sales and services	$ 30,887	$ 47,300	$ 108,652	$ 767,720	$ 954,559
Interest and other investment income	6				6
Other	24	3		230	257
Total operating revenues	30,917	47,303	108,652	767,950	954,822
OPERATING EXPENSES					
Cost of sales and services	22,019	44,711	75,557		142,287
Benefit payments and refunds				569,767	569,767
Interest	144	458			602
General and administrative	7,158	2,282	6,807	7,600	23,847
Depreciation	1,211	8,294	12,962		22,467
Other	964		7,040		8,004
Total operating expenses	31,496	55,745	102,366	577,367	766,974
Operating income (loss)	(579)	(8,442)	6,286	190,583	187,848
NONOPERATING REVENUES (EXPENSES)					
Investment income				2,147	2,147
Interest expense			(176)		(176)
Other revenues	208				208
Other expenses		(246)	(1,610)		(1,856)
Income (loss) before operating transfers	(371)	(8,688)	4,500	192,730	188,171
Operating transfers-in	1	1,512	2		1,515
Operating transfers-out	(3)	(5)	(9)		(17)
Operating transfers to component units				(192,730)	(192,730)
Net income (loss)	(373)	(7,181)	4,493	--	(3,061)
Retained earnings, July 1,1997	671	35,352	48,598	--	84,621
RETAINED EARNINGS, JUNE 30, 1998	$ 298	$ 28,171	$ 53,091	$ --	$ 81,560

State of Illinois

Combining Statement of Cash Flows - Internal Service Funds
Department of Central Management Services
For the Year Ended June 30, 1998 (Expressed in Thousands)

	State Garage Revolving	Statistical Services Revolving	Commun-ications Revolving	Health Insurance Reserve	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from sales and services	$ 31,322	$ 78,311	$ 108,163	$ 729,684	$ 947,480
Cash payments to suppliers for goods and services	(19,611)	(31,309)	(77,621)	(539,932)	(668,473)
Cash payments to employees for services	(10,643)	(17,548)	(7,453)	(2,628)	(38,272)
Cash receipts from other operating activities	24				24
Net cash provided by operating activities	1,092	29,454	23,089	187,124	240,759
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating transfers-in from other funds	1	1,512	2		1,515
Operating transfers-out to other funds	(3)	(5)	(9)		(17)
Operating transfers to component units				(192,730)	(192,730)
Net cash provided (used) by noncapital financing activities	(2)	1,507	(7)	(192,730)	(191,232)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(112)	(1,699)	(6,191)		(8,002)
Principal paid on bond maturities and equipment contracts	(913)	(8,098)	(3,965)		(12,976)
Interest paid on bond maturities and equipment contracts			(176)		(176)
Net cash (used) in capital and related financing activities	(1,025)	(9,797)	(10,332)		(21,154)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments				2,147	2,147
Net cash provided by investing activities				2,147	2,147
Net increase (decrease) in cash and cash equivalents	65	21,164	12,750	(3,459)	30,520
Cash and cash equivalents, July 1, 1997	679	26,600	27,485	26,746	81,510
CASH AND CASH EQUIVALENTS, JUNE 30, 1998	$ 744	$ 47,764	$ 40,235	$ 23,287	$ 112,030
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	$ (579)	$ (8,442)	$ 6,286	$ 190,583	$ 187,848
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,211	8,294	12,962		22,467
Provision for uncollectible accounts	(15)	1,523	(251)		1,257
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	23	1	(475)	5	(446)
(Increase) decrease in due from other funds	411	(4,584)	(803)	(50,791)	(55,767)
(Increase) decrease in due from component units	2	(3)	900	155	1,054
(Increase) decrease in inventories	(78)	(17)			(95)
(Increase) decrease in prepaid expenses		(115)			(115)
Increase (decrease) in accounts payable and accrued liabilities	239	(453)	3,973	46,354	50,113
Increase (decrease) in intergovernmental payables	4	2			6
Increase (decrease) in due to other funds	(43)	494	528	773	1,752
Increase (decrease) in due to component units		30	(1)		29
Increase (decrease) in deferred revenues		8,000			8,000
Increase (decrease) in other liabilities	(83)	24,724	(30)	45	24,656
Total adjustments	1,671	37,896	16,803	(3,459)	52,911
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 1,092	$ 29,454	$ 23,089	$ 187,124	$ 240,759
Noncash investing, capital, and financing activities					
Capital leases (initial year):					
Fair market value	$ 351	$ --	$ --	$ --	$ 351

TRUST AND AGENCY FUNDS

Trust and Agency Funds are maintained to account for assets held by the State acting in the capacity of trustee or agent.

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SIGNIFICANT TRUST AND AGENCY FUNDS DESCRIPTIONS

EXPENDABLE TRUST FUNDS:

Department of Employment Security

Unemployment Compensation Trust Fund--to provide for unemployment insurance benefit claims. Funding is through employer contributions and Federal Unemployment Trust advances.

Industrial Commission

Self-Insurers Security Fund--to cover claims for compensation made on self-insured employers with respect to employment related injuries and diseases.

STATE PENSION FUNDS:

See Note 10 on page 44 for description of pension funds.

INVESTMENT TRUST FUNDS:

Treasurer

Public Treasurers' Investment Pool Fund--to hold and invest public funds deposited by local Treasurers to enhance investment opportunities - in effect a mutual fund.

Department of Lottery

Deferred Lottery Prize Winners Trust Fund--to hold the proceeds of investments that will be paid to Illinois State Lottery prize winners. Investment contracts are executed by the State Treasurer with the State Lottery Director's approval in a manner which ensures the timely payment to prize winners.

AGENCY FUNDS:

Department of Central Management Services

Deferred Compensation Plan Fund--to defer gross compensation of any State employee and invest the funds until retirement, death or extreme hardship.

Department of Insurance

Security Deposit Fund--to hold securities on deposit by domestic and certain foreign domiciled insurance companies in the State for protection of all policyholders, policy obligations and creditors of the companies.

Department of Public Aid

Child Support Enforcement Agency Fund--to account for that portion of the Child Support Enforcement Trust Fund that hold monies recovered under the Child Support Enforcement Program until they can be paid over to the appropriate third parties.

State of Illinois

Combining Balance Sheet
Trust and Agency Funds

June 30, 1998 (Expressed in Thousands)

	Trust				Agency	
	Expendable	Non-Expendable Other	Pension	Investment		Total
ASSETS						
Cash and cash equivalents	$ 1,929,320	$ 6,920	$ 549,439	$ 194,660	$ 484,258	$ 3,164,597
Investments	1,782	1,080	40,147,225	4,011,861	1,235,583	45,397,531
Receivables, net:						
Taxes	255,770				77,153	332,923
Intergovernmental	11,869				1,614	13,483
Other	31,422	60	533,793	5,358	325,801	896,434
Due from other funds	2,690		7,326		24,088	34,044
Due from component units	102		4,374		1,044	5,520
Property, plant and equipment, net		104	21,201			21,305
Other assets					953,137	953,137
Total assets	$ 2,232,895	$ 8,164	$ 41,263,358	$ 4,211,879	$ 3,102,678	$ 50,818,974
LIABILITIES						
Accounts payable and accrued liabilities	$ 34,113		$ 1,163,753	$ 202	$ 15,200	$ 1,213,268
Intergovernmental payables	3,744	$ 5			279,803	283,552
Due to other funds	3,787		298	95	57,364	61,544
Due to component units	47					47
Deferred revenues	3,188					3,188
Other liabilities	4,004		2,838,461	11,631	2,750,311	5,604,407
Revenue bonds payable			17,354			17,354
Total liabilities	48,883	5	4,019,866	11,928	3,102,678	7,183,360
FUND BALANCES						
Reserved for:						
Encumbrances	969					969
Unemployment compensation benefits	2,166,688					2,166,688
Employees' pension benefits			37,243,492			37,243,492
External investment pool participants				4,199,951		4,199,951
Other	1,587					1,587
Unreserved, undesignated	14,768	8,159				22,927
Total fund balances	2,184,012	8,159	37,243,492	4,199,951		43,635,614
Total liabilities and fund balances	$ 2,232,895	$ 8,164	$ 41,263,358	$ 4,211,879	$ 3,102,678	$ 50,818,974

State of Illinois

Combining Balance Sheet
Expendable Trust Funds

June 30, 1998 (Expressed In Thousands)

	Departments	Agencies, Boards and Authorities		
	Employment Security	Industrial Commission		
	Unemployment Compensation Trust	Self-Insurer's Security	Other	Total
ASSETS				
Cash and cash equivalents	$ 1,912,924	$ 2,233	$ 14,163	$ 1,929,320
Investments			1,782	1,782
Receivables, net:				
Taxes	255,770			255,770
Intergovernmental	11,869			11,869
Other	30,389	10	1,023	31,422
Due from other funds	1,872		758	2,630
Due from component units	102			102
Total assets	$ 2,212,926	$ 2,243	$ 17,726	$ 2,232,895
LIABILITIES				
Accounts payable and accrued liabilities	$ 34,043	$ 13	$ 57	$ 34,113
Intergovernmental payables	3,744			3,744
Due to other funds	3,619	6	162	3,787
Due to component units			47	47
Deferred revenues	3,182		6	3,188
Other liabilities	1,650	1,487	867	4,004
Total liabilities	46,238	1,506	1,139	48,883
FUND BALANCES				
Reserved for:				
Encumbrances		26	943	969
Unemployment compensation benefits	2,166,688			2,166,688
Other			1,587	1,587
Unreserved, undesignated		711	14,057	14,768
Total fund balances	2,166,688	737	16,587	2,184,012
Total liabilities and fund balances	$ 2,212,926	$ 2,243	$ 17,726	$ 2,232,895

State of Illinois

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances
Expendable Trust Funds
For the Year Ended June 30, 1998 (Expressed in Thousands)

	Departments	Agencies, Boards and Authorities		
	Employment Security	Industrial Commission		
	Unemployment Compensation Trust	Self-Insurer's Security	Other	Total
REVENUES				
Other taxes	$ 1,170,504	$ 27	$ 165	$ 1,170,696
Federal government	21,467			21,467
Interest and other investment income	118,588	186	772	119,546
Other	121	325	2,590	3,036
Total revenues	1,310,680	538	3,527	1,314,745
EXPENDITURES				
Current:				
Health and social services			286	286
General government			4,264	4,264
Social assistance	1,138,929		68	1,138,997
Public protection and justice		23	58	81
Natural resources and recreation			76	76
Capital outlays			407	407
Total expenditures	1,138,929	23	5,159	1,144,111
Excess (deficiency) of revenues over (under) expenditures	171,751	515	(1,632)	170,634
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Operating transfers-in	7,401		1,914	9,315
Operating transfers-out	(12,995)	(4)	(783)	(13,782)
Net other sources (uses) of financial resources	(5,594)	(4)	1,131	(4,467)
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources	166,157	511	(501)	166,167
Fund balances, July 1, 1997, as previously reported	2,000,531	226	17,088	2,017,765
Restatement/reclassification of fund balances			80	80
Fund balances, July 1, 1997, as restated	2,000,531	226	17,088	2,017,845
FUND BALANCES, JUNE 30, 1998	$ 2,166,688	$ 737	$ 16,587	$ 2,184,012

State of Illinois

Combining Statement of Net Assets
Pension Trust Funds
June 30, 1998 (Expressed in Thousands)

	General Assembly Retirement System	Judges' Retirement System	State Employees' Retirement System	Teachers' Retirement System	State Universities' Retirement System		Total
					Defined Benefit	Defined Contribution	
ASSETS							
Cash and cash equivalents	$ 1,643	$ 6,868	$ 79,515	$ 1,130	$ 460,283		$ 549,439
Investments	61,161	349,613	6,991,316	22,589,543	10,154,011	$ 1,581	40,147,225
Other receivables, net	13	277		364,609	168,797	97	533,793
Due from other funds		50	7,232		44		7,326
Due from component units					4,374		4,374
Property, plant and equipment, net	6	10	3,660	3,184	14,341		21,201
Total assets	$ 62,823	$ 356,818	$ 7,081,723	$ 22,958,466	$ 10,801,850	$ 1,678	$ 41,263,358
LIABILITIES							
Accounts payable and accrued liabilities	$ 24	$ 107	$ 5,575	$ 1,151,320	$ 6,727		$ 1,163,753
Due to other funds	61	18	74	145			298
Other liabilities			11,579	1,841,113	985,769		2,838,461
Revenue bonds payable					17,354		17,354
Total liabilities	85	125	17,228	2,992,578	1,009,850		4,019,866
FUND BALANCES							
Reserved for employees' pension benefits	62,738	356,693	7,064,495	19,965,888	9,792,000	$ 1,678	37,243,492
Total fund balances	62,738	356,693	7,064,495	19,965,888	9,792,000	1,678	37,243,492
Total liabilities and fund balances	$ 62,823	$ 356,818	$ 7,081,723	$ 22,958,466	$ 10,801,850	$ 1,678	$ 41,263,358

State of Illinois

Combining Statement of Changes in Net Assets
Pension Trust Funds
For the Year Ended June 30, 1998 (Expressed in Thousands)

	General Assembly Retirement System	Judges' Retirement System	State Employees' Retirement System	Teachers' Retirement System	State Universities Retirement System		Total
					Defined Benefit	Defined Contribution	
ADDITIONS							
Contributions:							
Employer	$ 3,113	$ 15,692	$ 200,742	$ 477,685	$ 227,731	$ 62	$ 925,025
Plan members	1,224	10,833	155,898	441,016	221,674	95	830,740
Other				25,249	6		25,255
Total contributions	4,337	26,525	356,640	943,950	449,411	157	1,781,020
Investment income:							
Interest and other investment income	2,230	12,446	242,646	996,269	169,955		1,423,546
Net appreciation of investments	7,678	43,417	851,831	2,054,735	1,316,511	15	4,276,187
Investment expense	(127)	(721)	(14,242)	(177,902)	(13,891)		(206,883)
Net investment income	9,781	55,142	1,080,235	2,873,102	1,474,575	15	5,492,850
Total additions	14,118	81,667	1,436,875	3,817,052	1,923,986	172	7,273,870
DEDUCTIONS							
Benefit payments and refunds	7,863	39,201	414,253	1,234,329	496,189		2,191,835
Interest expense					1,210		1,210
Depreciation	3	4	229	481	1,290		2,007
General and administration	224	330	5,968	9,280	8,138		23,940
Other				182			182
Total deductions	8,090	39,535	420,450	1,244,272	506,827		2,219,174
Net additions	6,028	42,132	1,016,425	2,572,780	1,417,159	172	5,054,696
Fund balances reserved for employees' pension benefits, July 1, 1997	56,710	314,561	6,048,070	17,393,108	8,376,347	-- --	32,188,796
Residual equity transfer					(1,506)	1,506	-- --
FUND BALANCES RESERVED FOR EMPLOYEES' PENSION BENEFITS, JUNE 30, 1998	$ 62,738	$ 356,693	$ 7,064,495	$ 19,965,888	$ 9,792,000	$ 1,678	$ 37,243,492

State of Illinois

Combining Statement of Net Assets
Investment Trust Funds
June 30, 1998 (Expressed in Thousands)

	Elected Officials	Departments	
	Treasurer	Lottery	
	Public Treasurers' Investment Pool	Deferred Prize Winners Trust	Total
ASSETS			
Cash and cash equivalents	$ 194,145	$ 515	$ 194,660
Investments	2,248,380	1,763,481	4,011,861
Other receivables, net	5,358		5,358
Total assets	$ 2,447,883	$ 1,763,996	$ 4,211,879
LIABILITIES			
Accounts payable and accrued liabilities	$ 202		$ 202
Due to other funds		$ 95	95
Other liabilities	11,211	420	11,631
Total liabilities	11,413	515	11,928
FUND BALANCES			
Reserved for external investment pool participants	2,436,470	1,763,481	4,199,951
Total fund balances	2,436,470	1,763,481	4,199,951
Total liabilities and fund balances	$ 2,447,883	$ 1,763,996	$ 4,211,879

Combining Statement of Changes in Net Assets
Investment Trust Funds
For the Year Ended June 30, 1998 (Expressed in Thousands)

	Elected Officials Treasurer Public Treasurers' Investment Pool	Departments Lottery Deferred Prize Winners Trust	Total
ADDITIONS			
Participant's deposits, net	$ 568,393		$ 568,393
Investment income:			
Interest and other investment income	124,057	$ 134,285	258,342
Net appreciation (depreciation) of investments		73,660	73,660
Investment expense	(2,350)		(2,350)
Net investment income	121,707	207,945	329,652
Total additions	690,100	207,945	898,045
DEDUCTIONS			
Participant's withdrawals, net		101,818	101,818
Distribution to pool investors	121,707		121,707
Total deductions	121,707	101,818	223,525
Net additions	568,393	106,127	674,520
Fund balances, July 1, 1997, as previously reported	--	--	--
Restatement/reclassification of fund balances	1,868,077	1,657,354	3,525,431
Fund balances reserved for external investment pool participants, July 1, 1997 as restated	1,868,077	1,657,354	3,525,431
FUND BALANCES RESERVED FOR EXTERNAL INVESTMENT POOL PARTICIPANTS, JUNE 30, 1998	$ 2,436,470	$ 1,763,481	$ 4,199,951

State of Illinois

Combining Balance Sheet
Agency Funds

June 30, 1998 (Expressed in Thousands)

	Elected Officials	Departments						
	Treasurer	Central Management Services	Human Services	Insurance	Public Aid	Revenue		
	Protest	Employee's Deferred Compensation Plan	Public Assistance Recoveries Trust	Security Deposit	Child Support Enforcement Trust	RTA Sales Tax Trust	Other	Total
ASSETS								
Cash and cash equivalents	$ 186,688	$ 748	$ 48,461			$ 48,593	$ 199,768	$ 484,258
Investments		1,235,583						1,235,583
Receivables, net:								
Taxes	7,480					24,170	45,503	77,153
Intergovernmental							1,614	1,614
Other		379	42,632		$ 281,182	124	1,484	325,801
Due from other funds	8					19,573	4,507	24,088
Due from component units							1,044	1,044
Other assets				$ 933,340			19,797	953,137
Total assets	$ 194,176	$ 1,236,710	$ 91,093	$ 933,340	$ 281,182	$ 92,460	$ 273,717	$ 3,102,678
LIABILITIES								
Accounts payable and accrued liabilities		$ 125					$ 15,075	$ 15,200
Intergovernmental payables			$ 12,574			$ 92,460	174,769	279,803
Due to other funds	$ 2,104		28,658				26,602	57,364
Depository and other liabilities	192,072	1,236,585	49,861	$ 933,340	$ 281,182		57,271	2,750,311
Total liabilities	$ 194,176	$ 1,236,710	$ 91,093	$ 933,340	$ 281,182	$ 92,460	$ 273,717	$ 3,102,678

State of Illinois

Combining Statement of Changes in Assets and Liabilities

All Agency Funds

For the Year Ended June 30, 1998 (Expressed in Thousands)

	ASSETS					
	Cash and Cash Equivalents	Investments	Receivables: Taxes	Receivables: Intergovernmental	Receivables: Other	Due From Other Funds
ORGANIZATION/FUND						
Treasurer:						
Protest						
Balance July 1, 1997	$ 111,590		$ 1,491		$ 2	$ 58
Additions	87,513		7,480			8
Deductions	12,415		1,491		2	58
Balance June 30, 1998	186,688		7,480		-- --	8
Central Management Services:						
State Employees' Deferred Compensation Plan						
Balance July 1, 1997	507	$ 967,545			165	
Additions	115,578	579,208			379	
Deductions	115,337	311,170			165	
Balance June 30, 1998	748	1,235,583			379	
Human Services:						
Public Assistance Recoveries Trust						
Balance July 1, 1997	45,229				43,865	
Additions	181,533				147,452	
Deductions	178,301				148,685	
Balance June 30, 1998	48,461				42,632	
Insurance:						
Security Deposit						
Balance July 1, 1997						
Additions						
Deductions						
Balance June 30, 1998						
Public Aid:						
Child Support Enforcement Trust						
Balance July 1, 1997					648,132	
Additions					357,640	
Deductions					724,590	
Balance June 30, 1998					281,182	
Revenue:						
RTA Sales Tax Trust						
Balance July 1, 1997	45,046		22,218		138	18,552
Additions	451,315		24,170		124	19,573
Deductions	447,768		22,218		138	18,552
Balance June 30, 1998	48,593		24,170		124	19,573
Other:						
Balance July 1, 1997	195,010		41,986	$ 1,722	8,537	2,046
Additions	1,833,879		45,503	1,614	1,476	4,448
Deductions	1,829,121		41,986	1,722	8,529	1,987
Balance June 30, 1998	199,768		45,503	1,614	1,484	4,507
Total--All Agency Funds:						
Balance July 1, 1997, as restated	397,382	967,545	65,695	1,722	700,839	20,656
Additions	2,669,818	579,208	77,153	1,614	507,071	24,029
Deductions	2,582,942	311,170	65,695	1,722	882,109	20,597
Balance June 30, 1998	$ 484,258	$ 1,235,583	$ 77,153	$ 1,614	$ 325,801	$ 24,088

ASSETS (CONT.)			LIABILITIES				
Due From Component Units	Other Assets	Total Assets	Accounts Payable and Accrued Liabilities	Intergovern-mental Payables	Due To Other Funds	Depository and Other Liabilities	Total Liabilities
		$ 113,141			$ 449	$ 112,692	$ 113,141
		95,001			2,104	92,897	95,001
		13,966			449	13,517	13,966
		194,176			2,104	192,072	194,176
		968,217	$ 86			968,131	968,217
		695,165	125			579,859	579,984
		426,672	86			311,405	311,491
		1,236,710	125			1,236,585	1,236,710
		89,094		$ 5,888	53,740	29,466	89,094
		328,985		14,320	53,246	261,419	328,985
		326,986		7,634	78,328	241,024	326,986
		91,093		12,574	28,658	49,861	91,093
	$ 942,895	942,895				942,895	942,895
	325,931	325,931				325,931	325,931
	335,486	335,486				335,486	335,486
	933,340	933,340				933,340	933,340
		648,132				648,132	648,132
		357,640				357,640	357,640
		724,590				724,590	724,590
		281,182				281,182	281,182
		85,954		85,954			85,954
		495,182		92,460			92,460
		488,676		85,954			85,954
		92,460		92,460			92,460
$ 133	20,359	269,793	13,512	180,885	24,975	50,421	269,793
1,044	3,657	1,891,621	23,506	324,054	121,172	637,876	1,106,608
133	4,219	1,887,697	21,943	330,170	119,545	631,026	1,102,684
1,044	19,797	273,717	15,075	174,769	26,602	57,271	273,717
133	963,254	3,117,226	13,598	272,727	79,164	2,751,737	3,117,226
1,044	329,588	4,189,525	23,631	430,834	176,522	2,255,622	2,886,609
133	339,705	4,204,073	22,029	423,758	198,322	2,257,048	2,901,157
$ 1,044	$ 953,137	$ 3,102,678	$ 15,200	$ 279,803	$ 57,364	$ 2,750,311	$ 3,102,678

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GENERAL FIXED ASSETS ACCOUNT GROUP

General Fixed Assets Account Group is maintained to account for fixed assets acquired or constructed for use by the State for general governmental purposes. These include all fixed assets of the primary government except those accounted for in the proprietary and fiduciary fund types.

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State of Illinois

Schedule of Changes in General Fixed Assets

For the Year Ended June 30, 1998 (Expressed In Thousands)

	Balance July 1, 1997	Additions	Deletions/ Net Transfers	Balance June 30, 1998
Land and land improvements	$ 586,369	$ 11,187	$ (9,517)	$ 607,073
Buildings and building improvements	2,851,766	191,648	11,567	3,031,867
Equipment	1,301,806	194,967	130,393	1,366,380
Construction in progress	93,910	166,387	204,121	56,176
Total	$4,833,871	$ 564,189	$ 336,564	$ 5,061,496

State of Illinois

Schedule of Changes in General Fixed Assets
By Function

For the Year Ended June 30, 1998 (Expressed In Thousands)

Function	Balance July 1, 1997	Additions	Deletions/ Net Transfers	Balance June 30, 1998
General Government:				
Legislative	$ 22,997	$ 2,975	$ 4,439	$ 21,533
Elected officials	371,918	10,824	3,827	376,915
Departments and agencies	500,851	59,209	8,434	551,626
Total general government	895,766	73,008	16,700	952,074
Health and social services	865,502	105,628	23,954	947,176
Public protection and justice	1,501,328	146,631	23,094	1,624,865
Natural resources and recreation	801,973	26,621	(15,452)	844,046
Transportation	446,256	21,904	14,461	453,699
Social assistance	130,399	17,643	65,783	82,259
Education	98,737	6,367	3,903	101,201
Construction in progress	93,910	166,387	204,121	56,176
Total general fixed assets	$4,833,871	$ 564,189	$ 336,564	$ 5,061,496

State of Illinois

Schedule of General Fixed Assets
By Function

June 30, 1998 (Expressed in Thousands)

Function	Total	Land and Land Improvements	Buildings and Building Improvements	Equipment
General Government:				
Legislative	$ 21,533		$ 2	$ 21,531
Elected officials	378,915	$ 6,688	292,557	79,670
Departments and agencies	551,626	15,634	457,838	78,154
Total general government	952,074	22,322	750,397	179,355
Health and social services	947,176	79,568	625,280	242,328
Public protection and justice	1,624,865	108,363	1,186,250	330,252
Natural resources and recreation	844,046	382,462	306,575	155,009
Transportation	453,699	10,488	104,779	338,432
Social assistance	82,259			82,259
Education	101,201	3,870	58,586	38,745
Total general fixed assets allocated to functions	5,005,320	$ 607,073	$ 3,031,867	$ 1,366,380
Construction in progress	56,176			
Total general fixed assets	$ 5,061,496			

GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP

General Long-Term Obligations Account Group is maintained to account for the State's unmatured general obligation bonds, unfunded retirement costs, and other long-term obligations.

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Schedule of Changes in General Long-Term Obligations

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Accrued Retirement Costs	General Obligation Bonds	Special Obligation Bonds	Other Long-Term Obligations	Total
BALANCES JULY 1, 1997, AS PREVIOUSLY REPORTED	$ 10,556,544	$ 5,654,397	$ 1,885,167	$ 1,621,786	$ 19,717,894
Adjustment to prior year balance for JRS and SURS due to changes in actuarial calculations	(207,230)				(207,230)
BALANCES AT JULY 1, 1997, AS RESTATED	$ 10,349,314	$ 5,654,397	$ 1,885,167	$ 1,621,786	$ 19,510,664
Compensated absences earned				387,647	387,647
Decrease in workers' compensation liability				(1,920)	(1,920)
Debt issues		718,331	183,065	95,075	996,471
Increase in lease and installment purchase obligations				12,004	12,004
Compensated absences taken				(390,732)	(390,732)
Increase in accreted value of capital appreciation bonds		109,809	11,099		120,908
Principal retirements and terminations		(596,433)	(247,025)	(139,906)	(983,364)
Excess of annual pension cost ("APC") over employer contributions from governmental fund types	955,348				955,348
Other				2,173	2,173
BALANCES JUNE 30, 1998	$ 11,304,662	$ 5,886,104	$ 1,832,306	$ 1,586,127	$ 20,609,199

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COMPONENT UNITS

The Component Units Section includes legally separate organizations for which the elected officials of the primary government are financially accountable. It also includes certain other organizations because of the nature and significance of their relationship with the primary government.

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SIGNIFICANT COMPONENT UNITS DESCRIPTIONS

GOVERNMENTAL:

Illinois Conservation Foundation--to provide additional funding for the Illinois Department of Natural Resources' conservation programs that either are not receiving adequate State funding or else cannot be implemented because State funding is not available.

East St. Louis Finance Advisory Authority--to provide a secure financial basis for and to furnish assistance to the city of East St. Louis.

Illinois Development Finance Authority--to provide funding for industrial, commercial, and manufacturing development in areas of Illinois with critical unemployment.

Medical Center Commission--to combine the resources of diverse medical institutions to promote low cost medical care in the City of Chicago, accelerate scientific research, improve diagnostic methods, and train health care professionals.

PROPRIETARY:

The Comprehensive Health Insurance Board--to provide an alternate market for health insurance for eligible Illinois residents having a preexisting health condition.

Illinois Housing Development Authority--to make loans and issue notes and bonds for the acquisition, construction, and rehabilitation of housing and to make loans to encourage home ownership.

Illinois Rural Bond Bank--to provide assistance to rural government units by providing adequate capital markets and facilities for borrowing money and financing improvements at low interest rates.

Illinois State Toll Highway Authority--to operate a toll highway system to promote the public welfare, and to facilitate vehicular traffic by providing convenient, safe, modern, and limited access highways within Illinois.

UNIVERSITY AND COLLEGE:

Board of Trustees of Chicago State University--to operate, manage, control, and maintain Chicago State University. The Board was created on January 1, 1996 with the dissolution of the Board of Governors of State Colleges and Universities.

Board of Trustees of Eastern Illinois University--to operate, manage, control, and maintain Eastern Illinois University. The Board was created on January 1, 1996 with the dissolution of the Board of Governors of State Colleges and Universities.

Board of Trustees of Governors State University--to operate, manage, control, and maintain Governors State University. The Board was created on January 1, 1996 with the dissolution of the Board of Governors of State Colleges and Universities.

Board of Trustees of Northeastern University--to operate, manage, control, and maintain Northeastern University. The Board was created on January 1, 1996 with the dissolution of the Board of Governors of State Colleges and Universities.

Board of Trustees of Western Illinois University--to operate, manage, control, and maintain Western Illinois University. The Board was created on January 1, 1996 with the dissolution of the Board of Governors of State Colleges and Universities.

Board of Trustees of Illinois State University--to operate, manage, control, and maintain Illinois State University. The Board was created on January 1, 1996 with the dissolution of the Board of Regents.

Board of Trustees of Northern Illinois University--to operate, manage, control, and maintain Northern Illinois University. The Board was created on January 1, 1996 with the dissolution of the Board of Regents.

Board of Trustees of Southern Illinois University--to operate, manage, control, and maintain Southern Illinois University. The Board was created on July 1, 1949. Southern Illinois University consists of campuses at Carbondale and Edwardsville. In addition, the University operates a medical school.

Board of Trustees of University of Illinois--to manage the University of Illinois. The Board is a separately elected body created by law on July 1, 1876. The University of Illinois consists of campuses at Champaign-Urbana, Springfield, and Chicago. In addition, the university operates a medical school.

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State of Illinois

Combining Balance Sheet - Component Units
All Fund Types and Account Groups
June 30, 1998 (Expressed in Thousands)

	Governmental Fund Types	Proprietary Fund Types	University and College Funds				
			Chicago State University	Eastern Illinois University	Governors State University	Northeastern Illinois University	Western Illinois University
ASSETS							
Assets:							
Cash and cash equivalents	$ 42,334	$ 397,078	$ 4,234	$ 34,230	$ 3,836	$ 12,445	$ 22,632
Investments	18,510	886,754	1,328	32,719	567	1,034	17,703
Receivables, net:							
Intergovernmental	6,211				188	802	
Other	429	42,254	6,731	10,414	3,458	1,173	6,283
Due from other funds	237	25,675	3,188	15		314	
Due from primary government	46	158	240	935	2,044	372	1,340
Inventories	13	5,953	60	1,515	91	209	2,949
Prepaid expenses		3,938		434		1,468	
Loans and notes receivable	107,814	1,588,546	808	4,325	2,957	1,775	1,794
Restricted assets ($37,487 cash equivalents)		356,744					
Property, plant and equipment, net	11,976	1,844,135	109,949	178,313	71,941	119,516	246,432
Other assets	56	78,137	326	727	1,117	2	
Total assets	$ 187,628	$ 5,229,372	$ 126,864	$ 263,627	$ 86,199	$ 139,110	$ 299,133
LIABILITIES, EQUITY AND OTHER CREDITS							
Liabilities:							
Accounts payable and accrued liabilities	$ 81	$ 215,960	$ 13,423	$ 24,398	$ 12,233	$ 16,164	$ 32,791
Intergovernmental payables		1,868					
Due to other funds	1,373	24,502	3,182			314	2
Due to primary government	1	982		148	74	75	508
Deferred revenues	39	56	137	12,043	1,076	2,979	1,363
Liabilities payable from restricted assets		24,010			144		
Other liabilities	47	147,957	5,193	969		69	376
Notes payable	174	99				325	
Revenue bonds payable		3,039,076	23,010	42,972		6,290	38,756
Other obligations		31,182	2,535	10,234	814	4,190	650
Total liabilities	1,715	3,485,692	47,480	90,764	14,341	30,406	74,448
Equity and other credits:							
Contributed capital		33,530					
Investment in fixed assets	11,976		84,404	131,688	71,127	112,706	206,557
Retained earnings:							
Reserved for:							
Revenue bond and note retirement		280,249					
Other		66,905					
Unreserved		1,362,996					
Fund balances (deficits):							
Reserved for:							
Encumbrances	18,825						865
Long-term portion of:							
Intergovernmental receivables	4,500						
Loans and notes receivable	103,292						
Restricted fund balances			3,264	28,701	4,724	1,739	17,066
Endowment and similar funds			378	20,037	492	974	8,888
Other	96						
Unreserved:							
Designated, other						22	
Undesignated	47,224		(8,662)	(7,563)	(4,485)	(6,737)	(8,691)
Total equity and other credits	185,913	1,743,680	79,384	172,863	71,858	108,704	224,685
Total liabilities, equity and other credits	$ 187,628	$ 5,229,372	$ 126,864	$ 263,627	$ 86,199	$ 139,110	$ 299,133

University and College Funds (continued)

Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois	Total
$ 3,926	$ 17,461	$ 23,958	$ 113,883	$ 676,017
90,241	65,702	153,107	1,165,089	2,432,734
		2,627		9,828
4,947	8,827	27,972	19,593	132,081
287	1,021	7,496	11,436	49,669
1,867	3,049	6,571	185,116	203,740
2,245	2,908	7,686	27,841	51,470
1,467	407	5,990	20,707	34,411
9,273	7,388	15,251	56,452	1,796,383
		12,295		369,039
394,636	470,433	752,030	3,237,611	7,436,972
258	2,455	236	16,577	99,891
$ 509,147	$ 579,651	$ 1,017,219	$ 4,854,285	$ 13,292,235
$ 29,816	$ 43,690	$ 89,086	$ 359,728	$ 837,370
		291		2,159
295	1,035	5,568	13,398	49,669
145	42	3,098	11,950	17,023
1,652	5,789	16,888	29,533	71,555
				24,154
256	60	5,392	30,994	191,315
	1,715	1,548	2,278	6,139
61,381	84,328	105,139	364,226	3,765,178
3,034	12,431	5,335	143,607	214,012
96,579	149,090	232,345	955,714	5,178,574
				33,530
348,468	372,521	657,445	2,859,441	4,856,333
				280,249
				66,905
				1,362,996
	8,469		33,772	61,931
				4,500
				103,292
11,353	51,080	73,064	381,431	572,422
19,814	14,184	44,553	661,113	770,433
26,080				26,176
885		1,038	12,132	14,077
5,968	(15,693)	8,774	(49,318)	(39,183)
412,568	430,561	784,874	3,898,571	8,113,661
$ 509,147	$ 579,651	$ 1,017,219	$ 4,854,285	$ 13,292,235

State of Illinois

Combining Balance Sheet
Component Units - Governmental Funds
June 30, 1998 (Expressed in Thousands)

	Illinois Conservation Foundation	East St. Louis Finance Advisory Authority	Development Finance Authority	Housing Development Authority	Medical Center Commission	Non-Major Component Units	Total
ASSETS							
Cash and cash equivalents	$ 26	$ 259	$ 200	$ 38,333	$ 94	$ 3,422	$ 42,334
Investments	805	2,246		15,459			18,510
Receivables, net:							
Intergovernmental			4,500	1,561	150		6,211
Other				257	166	6	429
Due from other funds					237		237
Due from primary government	1					47	48
Inventories	13						13
Loans and notes receivable		2,038		105,776			107,814
Property, plant and equipment, net					11,777	199	11,976
Other assets	4				52		56
Total assets	$ 849	$ 4,543	$ 4,700	$ 161,386	$ 12,476	$ 3,674	$ 187,628
LIABILITIES							
Accounts payable and accrued liabilities	$ 8				$ 73		$ 81
Due to other funds			$ 1	$ 1,184	188		1,373
Due to primary government				1			1
Deferred revenues					39		39
Notes payable, current					174		174
Other liabilities					47		47
Total liabilities	8		1	1,185	521		1,715
EQUITY AND OTHER CREDITS							
Investment in fixed assets					11,777	$ 199	11,976
Fund balances:							
Reserved for:							
Encumbrances				18,825			18,825
Long-term portion of:							
Intergovernmental and other receivables			4,500				4,500
Loans and notes receivable		$ 1,786		101,506			103,292
Other					96		96
Unreserved, undesignated	841	2,757	199	39,870	82	3,475	47,224
Total equity and other credits	841	4,543	4,699	160,201	11,955	3,674	185,913
Total liabilities, equity and other credits	$ 849	$ 4,543	$ 4,700	$ 161,386	$ 12,476	$ 3,674	$ 187,628

State of Illinois

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances
Component Units - Governmental Funds
For the Year Ended June 30, 1998 (Expressed in Thousands)

	Illinois Conservation Foundation	East St. Louis Finance Advisory Authority	Development Finance Authority	Housing Development Authority	Medical Center Commission	Non-Major Component Units	Total
REVENUES							
Other taxes				$ 23,736			$ 23,736
Federal government				17,950			17,950
Licenses and fees				57		$ 84	141
Interest and other investment income	$ 72	$ 111		1,673	$ 7	173	2,036
Other	1,104	245		5,895	980	98	8,322
Total revenues	1,176	356		49,311	987	355	52,185
EXPENDITURES							
Current:							
Health and social services					1,105	55	1,160
Education						186	186
General government		15		11,925		9	11,949
Natural resources and recreation	911						911
Debt service:							
Principal					8		8
Interest					4		4
Capital outlays					65		65
Total expenditures	911	15		11,925	1,182	250	14,283
Excess (deficiency) of revenues over (under) expenditures	265	341		37,386	(195)	105	37,902
OTHER (USES) OF FINANCIAL RESOURCES							
Operating transfers-out			$ (24)	(7,865)			(7,889)
Operating transfers to primary government				(2)			(2)
Other (uses) of financial resources			(24)	(7,867)			(7,891)
Excess (deficiency) of revenues over (under) expenditures and other (uses) of financial resources	265	341	(24)	29,519	(195)	105	30,011
Fund balances, July 1, 1997	576	4,202	4,723	130,682	373	3,370	143,926
FUND BALANCES, JUNE 30, 1998	$ 841	$ 4,543	$ 4,699	$ 160,201	$ 178	$ 3,475	$ 173,937

State of Illinois

Combining Balance Sheet
Component Units - Proprietary Funds

June 30, 1998 (Expressed in Thousands)

	Comprehensive Health Insurance Board	Housing Development Authority	Rural Bond Bank	State Toll Highway Authority	Non-Major Component Units	Total
ASSETS						
Cash and cash equivalents	$ 13,849	$ 6,855	$ 439	$ 340,101	$ 35,835	$ 397,078
Investments, short-term	67,299	406,171	23,303		8,048	504,821
Receivables, net:						
Other	1,074	21,837	1,683	15,797	1,863	42,254
Due from other funds		21,492			4,183	25,675
Due from primary government				158		158
Inventories				5,953		5,953
Prepaid expenses	5		5	3,898	30	3,938
Loans and notes receivable, current		31,568			2,365	33,933
Restricted assets ($37,487 cash equivalents)		21,860		37,438	373	59,671
Total current assets	82,226	509,783	25,430	403,345	52,697	1,073,481
Investments		374,037	3,013		4,883	381,933
Loans and notes receivable		1,474,042	75,587		4,984	1,554,613
Restricted assets		129,917	6,707	157,541	2,908	297,073
Property, plant and equipment, net	114	752	39	1,843,081	149	1,844,135
Other assets		75,531			2,606	78,137
Total assets	$ 82,340	$ 2,564,062	$ 110,776	$ 2,403,967	$ 68,227	$ 5,229,372
LIABILITIES						
Accounts payable and accrued liabilities	$ 4,507	$ 135,738	$ 35	$ 74,695	$ 985	$ 215,960
Intergovernmental payables			12		1,856	1,868
Due to other funds		20,308	12		4,182	24,502
Due to primary government	6		1	974	1	982
Deferred revenues					56	56
Liabilities payable from restricted assets				24,010		24,010
Notes payable, current					10	10
Revenue bonds payable, current		141,040	3,295	27,835		172,170
Other liabilities	12,072	130,417	2,075		3,393	147,957
Total current liabilities	16,585	427,503	5,430	127,514	10,483	587,515
Notes payable					89	89
Revenue bonds payable		1,919,206	71,295	876,405		2,866,906
Other obligations		1,182	30,000			31,182
Total liabilities	16,585	2,347,891	106,725	1,003,919	10,572	3,485,692
FUND EQUITY						
Contributed capital			2,790		30,740	33,530
Retained earnings:						
Reserved for:						
Revenue bond and note retirement		121,659	1,049	157,541		280,249
Other	65,755				1,150	66,905
Unreserved		94,512	212	1,242,507	25,765	1,362,996
Total fund equity	65,755	216,171	4,051	1,400,048	57,655	1,743,680
Total liabilities and fund equity	$ 82,340	$ 2,564,062	$ 110,776	$ 2,403,967	$ 68,227	$ 5,229,372

State of Illinois

Combining Statement of Revenues, Expenses and Changes in Retained Earnings Component Units - Proprietary Funds

For the Year Ended June 30, 1998 (Expressed In Thousands)

	Comprehensive Health Insurance Board	Housing Development Authority	Rural Bond Bank	State Toll Highway Authority	Non-Major Component Units	Total
OPERATING REVENUES						
Charges for sales and services	$ 20,977	$ 7,332		$ 330,713	$ 5,448	$ 364,470
Interest and other investment income		117,148	$ 5,486		1,086	123,720
Other		167,436	480		889	168,805
Total operating revenues	20,977	291,916	5,966	330,713	7,423	656,995
OPERATING EXPENSES						
Cost of sales and services				53,594	1,494	55,088
Benefit payments and refunds	40,443					40,443
Interest			4,991	51,076		56,067
General and administrative	3,108	174,521	472	70,876	4,597	253,574
Depreciation	50	278	8	131,421	113	131,870
Other			544		491	1,035
Total operating expenses	43,601	174,799	6,015	306,967	6,695	538,077
Operating income (loss)	(22,624)	117,117	(49)	23,746	728	118,918
NONOPERATING REVENUES (EXPENSES)						
Investment income	5,112	43,263		29,068	2,074	79,517
Interest expense		(142,235)			(50)	(142,285)
Other revenues	7,500				119	7,619
Other expenses				(7)	(72)	(79)
Income (loss) before operating transfers	(10,012)	18,145	(49)	52,807	2,799	63,690
Operating transfers-in		7,865			1,770	9,635
Operating transfers from primary government	17,324		273			17,597
Operating transfers-out					(1,746)	(1,746)
Operating transfers to primary government			(12)	(154)		(166)
Net income	7,312	26,010	212	52,653	2,823	89,010
Retained earnings, July 1,1997, as previously reported	58,258	184,379	1,035	1,347,395	24,058	1,615,125
Restatement of fund balances	185	5,782	14		34	6,015
Retained earnings, July 1, 1997, as restated	58,443	190,161	1,049	1,347,395	24,092	1,621,140
RETAINED EARNINGS, JUNE 30, 1998	$ 65,755	$ 216,171	$ 1,261	$ 1,400,048	$ 26,915	$ 1,710,150

State of Illinois

Combining Statement of Cash Flows
Component Units - Proprietary Funds
For the Year Ended June 30, 1998 (Expressed in Thousands)

	Comprehensive Health Insurance Board	Housing Development Authority	Rural Bond Bank	State Toll Highway Authority	Non-Major Component Units	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from sales and services	$ 20,720	$ 324,957		$ 330,713	$ 4,472	$ 680,862
Cash payments to suppliers for goods and services	(43,643)	(8,219)		(7,990)	(2,837)	(62,689)
Cash payments to employees for services		(6,996)		(89,543)	(790)	(97,329)
Cash receipts from other operating activities		196,100	$ 5,690		2,466	204,256
Cash payments for other operating activities		(330,730)	(22,538)	(51,076)	(3,629)	(407,973)
Net cash provided (used) by operating activities	(22,923)	175,112	(16,848)	182,104	(318)	317,127
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Proceeds from sale of revenue bonds and other borrowing		386,305	42,875			429,180
Principal paid on revenue bonds and other borrowing		(357,935)	(2,975)			(360,910)
Interest paid on revenue bonds and other borrowing		(137,246)			(30)	(137,276)
Operating grants received					35	35
Operating transfers-in from other funds		10,048			1,770	11,818
Operating transfers from primary government	17,324		273			17,597
Operating transfers-out to other funds		(4,748)			(1,746)	(6,494)
Operating transfers to primary government				(154)		(154)
Other noncapital financing activities	7,500	(4,097)				3,403
Net cash provided (used) by noncapital financing activities	24,824	(107,673)	40,173	(154)	29	(42,801)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(69)	(312)	(12)	(186,439)	(98)	(186,930)
Principal paid on revenue bond maturities and equipment contracts				(26,960)		(26,960)
Interest paid on revenue bond maturities and equipment contracts				(51,076)		(51,076)
Proceeds from sale of equipment			4			4
Other capital and related financing activities				37,448	83	37,531
Net cash (used) in capital and related financing activities	(69)	(312)	(8)	(227,027)	(15)	(227,431)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investment securities	(47,985)	(2,204,285)	(23,303)		(148,889)	(2,424,462)
Proceeds from sale and maturities of investment securities	41,194	2,100,605		8,619	149,325	2,299,743
Interest and dividends on investments	5,049	42,842	(11)	29,068	2,051	78,999
Net cash provided (used) by investing activities	(1,742)	(60,838)	(23,314)	37,687	2,487	(45,720)
Net increase (decrease) in cash and cash equivalents	90	6,289	3	(7,390)	2,183	1,175
Cash and cash equivalents, July 1, 1997	13,758	615	436	384,929	33,652	433,390
CASH AND CASH EQUIVALENTS, JUNE 30, 1998	$ 13,848	$ 6,904	$ 439	$ 377,539	$ 35,835	$ 434,565
Reconciliation of cash and cash equivalents to the balance sheet:						
Total cash and cash equivalents per the balance sheet	$ 13,848	$ 6,855	$ 439	$ 340,101	$ 35,835	$ 397,078
Add: restricted cash equivalents		49		37,438		37,487
CASH AND CASH EQUIVALENTS, JUNE 30, 1998	$ 13,848	$ 6,904	$ 439	$ 377,539	$ 35,835	$ 434,565
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	$ (22,624)	$ 117,117	$ (49)	$ 23,746	$ 728	$ 118,918
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	50	278	8	131,421	113	131,870
Provision for uncollectible accounts		610			205	815
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	(257)	46,832	(17,037)	(1,057)	(1,622)	26,859
(Increase) decrease in due from other funds		(4,737)			(819)	(5,556)
(Increase) decrease in due from primary government				168		168
(Increase) decrease in inventory				(452)		(452)
(Increase) decrease in prepaid expenses	(2)		(3)	2,135	(10)	2,120
Increase (decrease) in accounts payable and accrued liabilities	(1,539)	52,337	(75)	27,912	301	78,936
Increase (decrease) in intergovernmental payables			(28)		(308)	(336)
Increase (decrease) in due to other funds		4,533			818	5,351
Increase (decrease) in due to primary government			(2)	286		284
Increase (decrease) in deferred revenues					(1)	(1)
Increase (decrease) in other liabilities	1,449	4,726	582		(497)	6,260
Increase (decrease) in liabilities payable from restricted assets				(2,055)		(2,055)
Other		(46,584)	(244)		774	(46,054)
Total adjustments	(299)	57,995	(16,799)	158,358	(1,046)	198,209
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (22,923)	$ 175,112	$ (16,848)	$ 182,104	$ (318)	$ 317,127

BUDGETARY SCHEDULES

Budgetary Schedules provide a comparison of the legally adopted budgeted amounts with actual results of operations on a budgetary (Non-GAAP) basis.

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) General Funds

For the Year Ended June 30, 1998 (Expressed in Thousands)

	General Revenue			Special Account		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes	$ 6,809,000	$ 7,399,671	$ 590,671			
Sales taxes	3,855,000	3,962,143	107,143	$ 1,285,000	$ 1,311,995	$ 26,995
Public utility taxes	816,000	864,947	48,947			
Federal government	3,430,000	3,255,754	(174,246)			
Other	1,328,000	1,356,412	28,412			
Less:						
Refunds	16,963	13,974	(2,989)			
Total revenues	16,221,037	16,824,953	603,916	1,285,000	1,311,995	26,995
EXPENDITURES:						
Current:						
Health and social services	7,518,514	7,426,035	(92,479)			
Education	3,289,335	3,274,693	(14,642)			
General government	1,198,922	1,163,387	(35,535)			
Transportation	40,927	40,323	(604)			
Social assistance	1,145,203	1,017,791	(127,412)			
Public protection and justice	1,401,291	1,374,823	(26,468)			
Natural resources and recreation	146,302	145,663	(639)			
Capital outlays	87,614	85,853	(1,761)			
Total expenditures	14,828,108	14,526,568	(299,540)			
Excess (deficiency) of revenues over (under) expenditures	1,392,929	2,296,385	903,456	1,285,000	1,311,995	26,995
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	413,000	414,052	1,052			
Operating transfers-out	(2,535,701)	(2,535,701)	--	(1,305,530)	(1,305,530)	--
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(729,772)	174,736	904,508	(20,530)	6,465	26,995
Budgetary fund balances (deficits), July 1, 1997	106,057	106,057	--	52,917	52,917	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ (623,715)	$ 280,793	$ 904,508	$ 32,387	$ 59,382	$ 26,995

Education Assistance			Common School			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 536,000	$ 582,718	$ 46,718				$ 7,345,000	$ 7,982,389	$ 637,389
						5,140,000	5,274,138	134,138
			$ 44,000	$ 47,191	$ 3,191	860,000	912,138	52,138
						3,430,000	3,255,754	(174,246)
--	864	864	58,000	58,093	93	1,386,000	1,415,369	29,369
						16,963	13,974	(2,989)
536,000	583,582	47,582	102,000	105,284	3,284	18,144,037	18,825,814	681,777
						7,518,514	7,426,035	(92,479)
803,394	802,654	(740)	2,558,041	2,552,245	(5,796)	6,650,770	6,629,592	(21,178)
						1,198,922	1,163,387	(35,535)
						40,927	40,323	(604)
						1,145,203	1,017,791	(127,412)
						1,401,291	1,374,823	(26,468)
						146,302	145,663	(639)
6,319	6,306	(13)				93,933	92,159	(1,774)
809,713	808,960	(753)	2,558,041	2,552,245	(5,796)	18,195,862	17,889,773	(306,089)
(273,713)	(225,378)	48,335	(2,456,041)	(2,446,961)	9,080	(51,825)	936,041	987,866
180,000	170,015	(9,985)	2,668,000	2,632,497	(35,503)	3,261,000	3,216,564	(44,436)
(155)	(155)	--	(43)	(43)	--	(3,841,429)	(3,841,429)	--
(93,868)	(55,518)	38,350	211,916	185,493	(26,423)	(632,254)	311,176	943,430
30,237	30,237	--	(144,495)	(144,495)	--	44,716	44,716	--
$ (63,631)	$ (25,281)	$ 38,350	$ 67,421	$ 40,998	$ (26,423)	$ (587,538)	$ 355,892	$ 943,430

State of Illinois

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Highway Funds

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Road			Motor Fuel Tax-State		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Motor fuel taxes				$ 1,207,600	$ 1,232,201	$ 24,601
Federal government	$ 638,700	$ 729,231	$ 90,531	--	63	63
Other	507,400	554,215	46,815	--	633	633
Less:						
Refunds	1,542	1,530	(12)	14,900	9,926	(4,974)
Total revenues	1,144,558	1,281,916	137,358	1,192,700	1,222,971	30,271
EXPENDITURES:						
Current:						
General government	208,632	196,945	(11,687)	65,811	65,435	(376)
Transportation	1,144,523	1,097,999	(46,524)	8,702	8,441	(261)
Social assistance	2,000	1,666	(334)			
Public protection and justice	52,733	52,733	--			
Capital outlays	21,800	20,023	(1,777)	181	179	(2)
Total expenditures	1,429,688	1,369,366	(60,322)	74,694	74,055	(639)
Excess (deficiency) of revenues over (under) expenditures	(285,130)	(87,450)	197,680	1,118,006	1,148,916	30,910
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	423,200	419,997	(3,203)	92,900	93,877	977
Operating transfers-out	(191,001)	(191,001)	--	(1,226,086)	(1,226,086)	--
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(52,931)	141,546	194,477	(15,180)	16,707	31,887
Budgetary fund balances (deficits), July 1, 1997	229,434	229,434	--	88,829	88,829	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ 176,503	$ 370,980	$ 194,477	$ 73,649	$ 105,536	$ 31,887

Grade Crossing Protection			State Construction Account			Motor Fuel Tax-Counties		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			$ 287,463	$ 305,421	$ 17,958			
			287,463	305,421	17,958			
$ 20,375	$ 20,257	$ (118)	575,553	575,553	--	$ 174,550	$ 168,033	$ (6,517)
20,375	20,257	(118)	575,553	575,553	--	174,550	168,033	(6,517)
(20,375)	(20,257)	118	(288,090)	(270,132)	17,958	(174,550)	(168,033)	6,517
18,000	18,000	--	278,246	283,185	4,939	167,500	166,250	(1,250)
(1,501)	(1,501)	--	(19)	(19)	--			
(3,876)	(3,758)	118	(9,863)	13,034	22,897	(7,050)	(1,783)	5,267
45,011	45,011	--	216,634	216,634	--	(12,246)	(12,246)	--
$ 41,135	$ 41,253	$ 118	$ 206,771	$ 229,668	$ 22,897	$ (19,296)	$ (14,029)	$ 5,267

(continued)

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Highway Funds

For the Year Ended June 30, 1998 (Expressed in Thousands)

(continued)

	Motor Fuel Tax-Municipalities			Motor Fuel Tax-Township		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Motor fuel taxes						
Federal government						
Other						
Less:						
Refunds						
Total revenues						
EXPENDITURES:						
Current:						
General government						
Transportation	$ 244,750	$ 235,661	$ (9,089)	$ 79,200	$ 76,266	$ (2,934)
Social assistance						
Public protection and justice						
Capital outlays						
Total expenditures	244,750	235,661	(9,089)	79,200	76,266	(2,934)
Excess (deficiency) of revenues over (under) expenditures	(244,750)	(235,661)	9,089	(79,200)	(76,266)	2,934
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	234,900	233,159	(1,741)	76,000	75,456	(544)
Operating transfers-out						
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(9,850)	(2,502)	7,348	(3,200)	(810)	2,390
Budgetary fund balances (deficits), July 1, 1997	(17,174)	(17,174)	-- --	(5,558)	(5,558)	-- --
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ (27,024)	$ (19,676)	$ 7,348	$ (8,758)	$ (6,368)	$ 2,390

	Total	
Final Budget	Actual	Variance Over (Under)
$ 1,207,600	$ 1,232,201	$ 24,601
638,700	729,294	90,594
794,863	860,269	65,406
16,442	11,456	(4,986)
2,624,721	2,810,308	185,587
274,443	262,380	(12,063)
2,247,653	2,182,210	(65,443)
2,000	1,666	(334)
52,733	52,733	--
21,981	20,202	(1,779)
2,598,810	2,519,191	(79,619)
25,911	291,117	265,206
1,290,746	1,289,924	(822)
(1,418,607)	(1,418,607)	--
(101,950)	162,434	264,384
544,930	544,930	--
$ 442,980	$ 707,364	$ 264,384

Combining Schedule of Revenues, Expenditures, Other Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
University Funds

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Other			Total		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ --	$ 30	$ 30	$ --	$ 30	$ 30
Other	--	314	314	--	314	314
Less:						
Refunds	2	--	(2)	2	--	(2)
Total revenues	(2)	344	346	(2)	344	346
EXPENDITURES:						
Current:						
Education	471	367	(104)	471	367	(104)
Capital outlays	59	2	(57)	59	2	(57)
Total expenditures	530	369	(161)	530	369	(161)
Excess (deficiency) of revenues (under) expenditures	(532)	(25)	507	(532)	(25)	507
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(5)	(5)	--	(5)	(5)	--
Excess (deficiency) of revenues (under) expenditures and other (uses) of financial resources	(537)	(30)	507	(537)	(30)	507
Budgetary fund balances, July 1, 1997	145	145	--	145	145	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ (392)	$ 115	$ 507	$ (392)	$ 115	$ 507

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State of Illinois

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Code Departments			Agencies, Boards & Commissions		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes	$ 1,577,651	$ 1,582,651	$ 5,000			
Sales taxes	502,204	505,787	3,583			
Motor fuel taxes				$ 64,450	$ 68,457	$ 4,007
Public utility taxes	206,134	206,134	-- --	35,191	35,191	-- --
Federal government	1,164,558	1,238,839	74,281	216,440	209,240	(7,200)
Other	2,950,884	2,988,109	37,225	123,993	114,074	(9,919)
Less:						
Refunds	755,430	743,459	(11,971)	222	57	(165)
Total revenues	5,646,001	5,778,061	132,060	439,852	426,905	(12,947)
EXPENDITURES:						
Current:						
Health and social services	2,100,212	1,853,530	(246,682)			
Education	8,720	8,720	-- --	162,000	161,960	(40)
General government	2,960,858	2,876,158	(84,700)	66,103	56,414	(9,689)
Transportation	225,969	202,845	(23,124)			
Social assistance						
Public protection and justice	16,215	14,249	(1,966)	2,387	2,195	(192)
Natural resources and recreation	27,465	26,484	(981)	222,552	185,116	(37,436)
Capital outlays	2,051	1,877	(174)	223	205	(18)
Total expenditures	5,341,490	4,983,863	(357,627)	453,265	405,890	(47,375)
Excess (deficiency) of revenues over (under) expenditures	304,511	794,198	489,687	(13,413)	21,015	34,428
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	1,238,504	1,247,446	8,942	57,090	58,383	1,293
Operating transfers-out	(1,407,230)	(1,407,230)	-- --	(13,766)	(13,766)	-- --
Budgetary funds-nonbudgeted accounts	(113,979)	(113,979)	-- --			
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	21,806	520,435	498,629	29,911	65,632	35,721
Budgetary fund balances (deficits), July 1, 1997 as previously reported	(57,262)	(57,262)	-- --	126,607	126,607	-- --
Reclassifications between budgetary/nonbudgetary funds-net						
Budgetary fund balances (deficits), July 1, 1997, as reclassified	(57,262)	(57,262)	-- --	126,607	126,607	-- --
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ (35,456)	$ 463,173	$ 498,629	$ 156,518	$ 192,239	$ 35,721

Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			$ 1,577,651	$ 1,582,651	$ 5,000
$ 14,747	$ 15,109	$ 362	516,951	520,896	3,945
			64,450	68,457	4,007
38,323	39,866	1,543	279,648	281,191	1,543
48,105	46,934	(1,171)	1,429,103	1,495,013	65,910
497,581	495,151	(2,430)	3,572,458	3,597,334	24,876
1,918	1,488	(430)	757,570	745,004	(12,566)
596,838	595,572	(1,266)	6,682,691	6,800,538	117,847
111,686	84,782	(26,884)	2,211,678	1,938,312	(273,566)
35,780	21,882	(13,898)	206,500	192,562	(13,938)
307,258	228,458	(78,800)	3,334,219	3,161,030	(173,189)
18,384	15,079	(3,305)	244,353	217,924	(26,429)
22,692	21,146	(1,546)	22,692	21,146	(1,546)
221,275	178,306	(42,969)	239,877	194,750	(45,127)
157,093	122,173	(34,920)	407,110	333,773	(73,337)
8,257	4,459	(3,798)	10,531	6,541	(3,990)
882,405	676,285	(206,120)	6,677,160	6,066,038	(611,122)
(285,567)	(80,713)	204,854	5,531	734,500	728,969
176,555	170,890	(5,665)	1,472,149	1,476,719	4,570
(35,726)	(35,726)	--	(1,456,722)	(1,456,722)	--
(1,711)	(1,711)	--	(115,690)	(115,690)	--
(146,449)	52,740	199,189	(94,732)	638,807	733,539
342,911	342,911	--	412,256	412,256	--
3,693	3,693	--	3,693	3,693	--
346,604	346,604	--	415,949	415,949	--
$ 200,155	$ 399,344	$ 199,189	$ 321,217	$ 1,054,756	$ 733,539

State of Illinois

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Code Departments

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Central Management Services			Commerce and Community Affairs		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes						
Sales taxes						
Public utility taxes						
Federal government	$ 13,608	$ 12,456	$ (1,152)			
Other	803,621	836,098	32,477	$ 9,134	$ 9,155	$ 21
Less:						
Refunds						
Total revenues	817,229	848,554	31,325	9,134	9,155	21
EXPENDITURES:						
Current:						
Health and social services						
Education						
General government	732,577	731,255	(1,322)	26,863	26,174	(689)
Transportation						
Public protection and justice						
Natural resources and recreation						
Capital outlays				38	38	--
Total expenditures	732,577	731,255	(1,322)	26,901	26,212	(689)
Excess (deficiency) of revenues over (under) expenditures	84,652	117,299	32,647	(17,767)	(17,057)	710
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	--	4	4	51,525	57,566	6,041
Operating transfers-out	(21)	(21)	--	(24,872)	(24,872)	--
Budgetary funds-nonbudgeted accounts	(113,979)	(113,979)	--			
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(29,348)	3,303	32,651	6,886	15,637	6,751
Budgetary fund balances (deficits), July 1, 1997	(32,859)	(32,859)	--	22,843	22,843	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ (62,207)	$ (29,556)	$ 32,651	$ 31,729	$ 38,480	$ 6,751

Human Services			Public Aid			Revenue		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
						$ 1,577,651	$ 1,582,651	$ 5,000
						502,204	505,787	3,583
						206,134	206,134	--
$ 92,560	$ 88,124	$ (4,436)	$ 675,852	$ 735,969	$ 60,117			
29,226	28,980	(246)	680,418	715,355	34,937	410,488	407,439	(3,049)
100	11	(89)	13,750	2,064	(11,686)	740,829	740,679	(150)
121,686	117,093	(4,593)	1,342,520	1,449,260	106,740	1,955,648	1,961,332	5,684
134,693	116,342	(18,351)	1,573,993	1,377,572	(196,421)			
						1,757,032	1,751,871	(5,161)
5	1	(4)				100	76	(24)
134,698	116,343	(18,355)	1,573,993	1,377,572	(196,421)	1,757,132	1,751,947	(5,185)
(13,012)	750	13,762	(231,473)	71,688	303,161	198,516	209,385	10,869
--	2	2	44,700	44,702	2	921,321	924,064	2,743
(1,167)	(1,167)	--	(52,710)	(52,710)	--	(745,774)	(745,774)	--
(14,179)	(415)	13,764	(239,483)	63,680	303,163	374,063	387,675	13,612
(8,582)	(8,582)	--	(72,748)	(72,748)	--	(32,288)	(32,288)	--
$ (22,761)	$ (8,997)	$ 13,764	$ (312,231)	$ (9,068)	$ 303,163	$ 341,775	$ 355,387	$ 13,612

(continued)

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Special State Funds - Code Departments

For the Year Ended June 30, 1998 (Expressed in Thousands)

(continued)

	Transportation			Other Code Departments		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes						
Sales taxes						
Public utility taxes						
Federal government				$ 382,538	$ 402,290	$ 19,752
Other				1,017,997	991,082	(26,915)
Less:						
Refunds				751	705	(46)
Total revenues				1,399,784	1,392,667	(7,117)
EXPENDITURES:						
Current:						
Health and social services				391,526	359,616	(31,910)
Education				8,720	8,720	--
General government				444,386	366,858	(77,528)
Transportation	$ 225,969	$ 202,845	$ (23,124)			
Public protection and justice				16,215	14,249	(1,966)
Natural resources and recreation				27,465	26,484	(981)
Capital outlays				1,908	1,762	(146)
Total expenditures	225,969	202,845	(23,124)	890,220	777,689	(112,531)
Excess (deficiency) of revenues over (under) expenditures	(225,969)	(202,845)	23,124	509,564	614,978	105,414
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	211,366	209,699	(1,667)	9,592	11,409	1,817
Operating transfers-out	(5,104)	(5,104)	--	(577,582)	(577,582)	--
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(19,707)	1,750	21,457	(58,426)	48,805	107,231
Budgetary fund balances (deficits), July 1, 1997	11,059	11,059	--	55,313	55,313	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ (8,648)	$ 12,809	$ 21,457	$ (3,113)	$ 104,118	$ 107,231

	Total	
Final Budget	Actual	Variance Over (Under)
$ 1,577,651	$ 1,582,651	$ 5,000
502,204	505,787	3,583
206,134	206,134	--
1,164,558	1,238,839	74,281
2,950,884	2,988,109	37,225
755,430	743,459	(11,971)
5,646,001	5,778,061	132,060
2,100,212	1,853,530	(246,682)
8,720	8,720	--
2,960,858	2,876,158	(84,700)
225,969	202,845	(23,124)
16,215	14,249	(1,966)
27,465	26,484	(981)
2,051	1,877	(174)
5,341,490	4,983,863	(357,627)
304,511	794,198	489,687
1,238,504	1,247,446	8,942
(1,407,230)	(1,407,230)	--
(113,979)	(113,979)	--
21,806	520,435	498,629
(57,262)	(57,262)	--
$ (35,456)	$ 463,173	$ 498,629

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Special State Funds - Department of Central Management Services

For the Year Ended June 30, 1998 (Expressed in Thousands)

	State Employees Deferred Compensation Plan			Health Insurance Reserve		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government				$ 13,608	$ 12,456	$ (1,152)
Other	$ 116,510	$ 116,510	$ --	687,111	719,588	32,477
Total revenues	116,510	116,510	--	700,719	732,044	31,325
EXPENDITURES:						
Current:						
General government	1,777	1,494	(283)	730,800	729,761	(1,039)
Total expenditures	1,777	1,494	(283)	730,800	729,761	(1,039)
Excess (deficiency) of revenues over (under) expenditures	114733	115,016	283	(30,081)	2,283	32,364
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	--	4	4			
Operating transfers-out	(21)	(21)	--			
Budgetary funds-nonbudgeted accounts	(113,979)	(113,979)	--			
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	733	1,020	287	(30,081)	2,283	32,364
Budgetary fund balances (deficits), July 1, 1997	2,212	2,212	--	(35,071)	(35,071)	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ 2,945	$ 3,232	$ 287	$ (65,152)	$ (32,788)	$ 32,364

Total		
Final Budget	Actual	Variance Over (Under)
$ 13,608	$ 12,456	$ (1,152)
803,621	836,098	32,477
817,229	848,554	31,325
732,577	731,255	(1,322)
732,577	731,255	(1,322)
84,652	117,299	32,647
--	4	4
(21)	(21)	--
(113,979)	(113,979)	--
(29,348)	3,303	32,651
(32,859)	(32,859)	--
$ (62,207)	$ (29,556)	$ 32,651

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Department of Commerce and Community Affairs

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Metropolitan Exposition Auditorium and Office Building			Tourism Promotion		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Other	$ 9,134	$ 9,134	$ --	$ --	$ 21	$ 21
Total revenues	9,134	9,134	--	--	21	21
EXPENDITURES:						
Current:						
General government				26,863	26,174	(689)
Capital outlays				38	38	--
Total expenditures				26,901	26,212	(689)
Excess (deficiency) of revenues over (under) expenditures	9,134	9,134	--	(26,901)	(26,191)	710
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	24,872	28,763	3,891	26,653	28,803	2,150
Operating transfers-out	(24,872)	(24,872)	--			--
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	9,134	13,025	3,891	(248)	2,612	2,860
Budgetary fund balances, July 1, 1997	18,694	18,694	--	4,149	4,149	--
BUDGETARY FUND BALANCES, JUNE 30, 1998	$ 27,828	$ 31,719	$ 3,891	$ 3,901	$ 6,761	$ 2,860

	Total	
Final Budget	Actual	Variance Over (Under)
$ 9,134	$ 9,155	$ 21
9,134	9,155	21
26,863	26,174	(689)
38	38	--
26,901	26,212	(689)
(17,767)	(17,057)	710
51,525	57,566	6,041
(24,872)	(24,872)	--
8,886	15,637	6,751
22,843	22,843	--
$ 31,729	$ 38,480	$ 6,751

State of Illinois

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Department of Human Services

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Mental Health			Substance Abuse Block Grant		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government				$ 56,518	$ 59,867	$ 3,349
Other	$ 29,222	$ 28,980	$ (242)	4	--	(4)
Less:						
Refunds	100	11	(89)			
Total revenues	29,122	28,969	(153)	56,522	59,867	3,345
EXPENDITURES:						
Current:						
Health and social services	29,421	28,006	(1,415)	69,220	59,213	(10,007)
Capital outlays				5	1	(4)
Total expenditures	29,421	28,006	(1,415)	69,225	59,214	(10,011)
Excess (deficiency) of revenues over (under) expenditures	(299)	963	1,262	(12,703)	653	13,356
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in						
Operating transfers-out	(1,125)	(1,125)	--	(42)	(42)	--
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(1,424)	(162)	1,262	(12,745)	611	13,356
Budgetary fund balances (deficits), July 1, 1997	(58)	(58)	--	(737)	(737)	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ (1,482)	$ (220)	$ 1,262	$ (13,482)	$ (126)	$ 13,356

Child Care & Development			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 36,042	$ 28,257	$ (7,785)	$ 92,560	$ 88,124	$ (4,436)
			29,226	28,980	(246)
			100	11	(89)
36,042	28,257	(7,785)	121,686	117,093	(4,593)
36,052	29,123	(6,929)	134,693	116,342	(18,351)
			5	1	(4)
36,052	29,123	(6,929)	134,698	116,343	(18,355)
(10)	(866)	(856)	(13,012)	750	13,762
--	2	2	--	2	2
			(1,167)	(1,167)	--
(10)	(864)	(854)	(14,179)	(415)	13,764
(7,787)	(7,787)	--	(8,582)	(8,582)	--
$ (7,797)	$ (8,651)	$ (854)	$ (22,761)	$ (8,997)	$ 13,764

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Special State Funds - Department of Public Aid

For the Year Ended June 30, 1998 (Expressed in Thousands)

	University of Illinois Hospital Services			County Hospital Services		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 80,287	$ 77,175	$ (3,112)	$ 402,002	$ 450,978	$ 48,976
Other	57,761	57,449	(312)	427,653	464,277	36,624
Less:						
Refunds				2,500	-- --	(2,500)
Total revenues	138,048	134,624	(3,424)	827,155	915,255	88,100
EXPENDITURES:						
Current:						
Health and social services	173,400	115,781	(57,619)	964,119	920,611	(43,508)
Total expenditures	173,400	115,781	(57,619)	964,119	920,611	(43,508)
Excess (deficiency) of revenues over (under) expenditures	(35,352)	18,843	54,195	(136,964)	(5,356)	131,608
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	44,700	44,700	-- --			
Operating transfers-out	(52,659)	(52,659)	-- --			
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(43,311)	10,884	54,195	(136,964)	(5,356)	131,608
Budgetary fund balances (deficits), July 1, 1997	22,447	22,447	-- --	(29,105)	(29,105)	-- --
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ (20,864)	$ 33,331	$ 54,195	$ (166,069)	$ (34,461)	$ 131,608

Care Provider Fund for Persons with Developmental Disabilities			Long Term Care Provider			Hospital Provider		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 18,883	$ 17,116	$ (1,767)	$ 166,280	$ 166,672	$ 392	$ 8,400	$ 24,028	$ 15,628
16,746	17,122	376	169,858	163,625	(6,233)	8,400	12,882	4,482
1,000	401	(599)	2,750	1,624	(1,126)	7,500	39	(7,461)
34,629	33,837	(792)	333,388	328,673	(4,715)	9,300	36,871	27,571
40,106	31,626	(8,480)	376,368	289,637	(86,731)	20,000	19,917	(83)
40,106	31,626	(8,480)	376,368	289,637	(86,731)	20,000	19,917	(83)
(5,477)	2,211	7,688	(42,980)	39,036	82,016	(10,700)	16,954	27,654
			--	1	1	--	1	1
(25)	(25)	--	(13)	(13)	--	(13)	(13)	--
(5,502)	2,186	7,688	(42,993)	39,024	82,017	(10,713)	16,942	27,655
(1,753)	(1,753)	--	(49,834)	(49,834)	--	(14,503)	(14,503)	--
$ (7,255)	$ 433	$ 7,688	$ (92,827)	$ (10,810)	$ 82,017	$ (25,216)	$ 2,439	$ 27,655

(continued)

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Department of Public Aid

For the Year Ended June 30, 1998 (Expressed in Thousands)

(continued)

	Total		
	Final Budget	Actual	Variance Over (Under)
REVENUES:			
Federal government	$ 675,852	$ 735,969	$ 60,117
Other	680,418	715,355	34,937
Less:			
Refunds	13,750	2,064	(11,686)
Total revenues	1,342,520	1,449,260	106,740
EXPENDITURES:			
Current:			
Health and social services	1,573,993	1,377,572	(196,421)
Total expenditures	1,573,993	1,377,572	(196,421)
Excess (deficiency) of revenues over (under) expenditures	(231,473)	71,688	303,161
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:			
Operating transfers-in	44,700	44,702	2
Operating transfers-out	(52,710)	(52,710)	--
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(239,483)	63,680	303,163
Budgetary fund balances (deficits), July 1, 1997	(72,748)	(72,748)	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ (312,231)	$ (9,068)	$ 303,163

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State of Illinois

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Special State Funds - Department of Revenue

For the Year Ended June 30, 1998 (Expressed in Thousands)

	State Gaming			State and Local Sales Tax Reform		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes						
Sales taxes				$ 169,819	$ 172,821	$ 3,002
Public utility taxes						
Other	$ 264,000	$ 261,000	$ (3,000)			
Less:						
Refunds	200	50	(150)			
Total revenues	263,800	260,950	(2,850)	169,819	172,821	3,002
EXPENDITURES:						
Current:						
General government	95,233	90,361	(4,872)	34,000	34,000	-- --
Capital outlays	70	46	(24)			
Total expenditures	95,303	90,407	(4,896)	34,000	34,000	-- --
Excess (deficiency) of revenues over (under) expenditures	168,497	170,543	2,046	135,819	138,821	3,002
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in						
Operating transfers-out	(170,004)	(170,004)	-- --	(139,086)	(139,086)	-- --
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(1,507)	539	2,046	(3,267)	(265)	3,002
Budgetary fund balances (deficits), July 1, 1997	3,858	3,858	-- --	30,015	30,015	-- --
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ 2,351	$ 4,397	$ 2,046	$ 26,748	$ 29,750	$ 3,002

Income Tax Refund			McCormick Place Expansion Project			Local Government Distributive		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 852,938	$ 857,938	$ 5,000				$ 21,804	$ 22,385	$ 581
			$ 66,512	$ 66,463	$ (49)			
740,629	740,629	--						
112,309	117,309	5,000	66,512	66,463	(49)	21,804	22,385	581
			66,550	66,463	(87)	822,156	822,156	--
			66,550	66,463	(87)	822,156	822,156	--
112,309	117,309	5,000	(38)	--	38	(800,352)	(799,771)	581
						871,602	874,345	2,743
(10,992)	(10,992)	--				(36)	(36)	--
101,317	106,317	5,000	(38)	--	38	71,214	74,538	3,324
39,030	39,030	--				(65,102)	(65,102)	--
$ 140,347	$ 145,347	$ 5,000	$ (38)	$ --	$ 38	$ 6,112	$ 9,436	$ 3,324

(continued)

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Special State Funds - Department of Revenue

For the Year Ended June 30, 1998 (Expressed in Thousands)

(continued)

	Personal Property Tax Replacement			Build Illinois		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes	$ 724,713	$ 724,713	$ --			
Sales taxes				$ 310,581	$ 310,581	$ --
Public utility taxes	206,134	206,134	--			
Other	2,784	2,784	--	77,192	77,192	--
Less:						
Refunds						
Total revenues	933,631	933,631	--	387,773	387,773	--
EXPENDITURES:						
Current:						
General government	739,093	738,891	(202)			
Capital outlays	30	30	--			
Total expenditures	739,123	738,921	(202)			
Excess (deficiency) of revenues over (under) expenditures	194,508	194,710	202	387,773	387,773	--
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	11,875	11,675	--	37,844	37,844	--
Operating transfers-out	(39)	(39)	--	(425,617)	(425,617)	--
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	206,344	206,546	202	--	--	--
Budgetary fund balances (deficits), July 1, 1997	(40,089)	(40,089)	--			
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ 166,255	$ 166,457	$ 202	$ --	$ --	$ --

	Total	
Final Budget	Actual	Variance Over (Under)
$ 1,577,651	$ 1,582,651	$ 5,000
502,204	505,787	3,583
206,134	206,134	--
410,488	407,439	(3,049)
740,829	740,679	(150)
1,955,648	1,961,332	5,684
1,757,032	1,751,871	(5,161)
100	76	(24)
1,757,132	1,751,947	(5,185)
198,516	209,385	10,869
921,321	924,064	2,743
(745,774)	(745,774)	--
374,063	387,675	13,612
(32,288)	(32,288)	--
$ 341,775	$ 355,387	$ 13,612

Combining Schedule of Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Special State Funds - Department of Transportation

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Public Transportation			Downstate Public Transportation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
EXPENDITURES:						
Current:						
Transportation	$ 197,655	$ 181,503	$ (16,152)	$ 28,314	$ 21,342	$ (6,972)
Total expenditures	197,655	181,503	(16,152)	28,314	21,342	(6,972)
(Deficiency) of revenues (under) expenditures	(197,655)	(181,503)	16,152	(28,314)	(21,342)	6,972
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	184,031	181,506	(2,525)	27,335	28,193	858
Operating transfers-out	(7)	(7)	--	(5,097)	(5,097)	--
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(13,631)	(4)	13,627	(6,076)	1,754	7,830
Budgetary fund balances, July 1, 1997	11	11	--	11,048	11,048	--
BUDGETARY FUND BALANCES (DEFICIT), JUNE 30, 1998	$ (13,620)	$ 7	$ 13,627	$ 4,972	$ 12,802	$ 7,830

	Total	
Final Budget	Actual	Variance Over (Under)
$ 225,969	$ 202,845	$ (23,124)
225,969	202,845	(23,124)
(225,969)	(202,845)	23,124
211,366	209,699	(1,667)
(5,104)	(5,104)	-- --
(19,707)	1,750	21,457
11,059	11,059	-- --
$ (8,648)	$ 12,809	$ 21,457

State of Illinois

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Other Code Departments

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Agriculture			Children and Family Services		
	Agricultural Premium			DCFS Children's Services		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government				$ 377,288	$ 396,279	$ 18,991
Other	$ 22,834	$ 21,906	$ (928)	5,900	9,552	3,652
Less:						
Refunds	1	--	(1)			
Total revenues	22,833	21,906	(927)	383,188	405,831	22,643
EXPENDITURES:						
Current:						
Health and social services				391,526	359,616	(31,910)
Education	8,720	8,720	--			
General government	17,466	17,251	(215)			
Public protection and justice	6,236	5,906	(330)			
Natural resources and recreation						
Capital outlays	337	331	(6)			
Total expenditures	32,759	32,208	(551)	391,526	359,616	(31,910)
Excess (deficiency) of revenues over (under) expenditures	(9,926)	(10,302)	(376)	(8,338)	46,215	54,553
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	9,592	10,494	902	--	12	12
Operating transfers-out	(48)	(48)	--	(16,100)	(16,100)	--
Excess (deficiency) of revenues over (under) expenditures, and other sources (uses) of financial resources	(382)	144	526	(24,438)	30,127	54,565
Budgetary fund balances (deficits), July 1, 1997	(900)	(900)	--	19,374	19,374	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ (1,282)	$ (756)	$ 526	$ (5,064)	$ 49,501	$ 54,565

Financial Institutions			Lottery			Natural Resources		
State Pensions			State Lottery			Wildlife and Fish		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
						$ 5,250	$ 6,011	$ 761
$ 70,140	$ 99,979	$ 29,839	$ 895,288	$ 835,659	$ (59,629)	23,835	23,986	151
			50	49	(1)	700	656	(44)
70,140	99,979	29,839	895,238	835,610	(59,628)	28,385	29,341	956
62,938	62,934	(4)	363,982	286,673	(77,309)			
9,979	8,343	(1,636)						
						27,465	26,484	(981)
48	23	(25)	211	201	(10)	1,312	1,207	(105)
72,965	71,300	(1,665)	364,193	286,874	(77,319)	28,777	27,691	(1,086)
(2,825)	28,679	31,504	531,045	548,736	17,691	(392)	1,650	2,042
			--	902	902	--	1	1
			(560,034)	(560,034)	--	(1,400)	(1,400)	--
(2,825)	28,679	31,504	(28,989)	(10,396)	18,593	(1,792)	251	2,043
53,250	53,250	--	(17,503)	(17,503)	--	1,092	1,092	--
$ 50,425	$ 81,929	$ 31,504	$ (46,492)	$ (27,899)	$ 18,593	$ (700)	$ 1,343	$ 2,043

(continued)

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Other Code Departments

For the Year Ended June 30, 1998 (Expressed in Thousands)

(continued)

	Total		
	Final Budget	Actual	Variance Over (Under)
REVENUES:			
Federal government	$ 382,538	$ 402,290	$ 19,752
Other	1,017,997	991,082	(26,915)
Less:			
Refunds	751	705	(46)
Total revenues	1,399,784	1,392,667	(7,117)
EXPENDITURES:			
Current:			
Health and social services	391,526	359,616	(31,910)
Education	8,720	8,720	-- --
General government	444,386	366,858	(77,528)
Public protection and justice	16,215	14,249	(1,966)
Natural resources and recreation	27,465	26,484	(981)
Capital outlays	1,908	1,762	(146)
Total expenditures	890,220	777,689	(112,531)
Excess (deficiency) of revenues over (under) expenditures	509,564	614,978	105,414
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:			
Operating transfers-in	9,592	11,409	1,817
Operating transfers-out	(577,582)	(577,582)	-- --
Excess (deficiency) of revenues over (under) expenditures, and other sources (uses) of financial resources	(58,426)	48,805	107,231
Budgetary fund balances (deficits), July 1, 1997	55,313	55,313	-- --
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ (3,113)	$ 104,118	$ 107,231

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Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Agencies, Boards and Commissions

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Environmental Protection Agency			Other Agencies, Boards, and Commissions		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Motor fuel taxes				$ 64,450	$ 68,457	$ 4,007
Public utility taxes				35,191	35,191	--
Federal government	$ 96,440	$ 51,263	$ (45,177)	120,000	157,977	37,977
Other	96,120	81,727	(14,393)	27,873	32,347	4,474
Less:						
Refunds				222	57	(165)
Total revenues	192,560	132,990	(59,570)	247,292	293,915	46,623
EXPENDITURES:						
Current:						
Education				162,000	161,960	(40)
General government	1,956	1,767	(189)	64,147	54,647	(9,500)
Public protection and justice				2,387	2,195	(192)
Natural resources and recreation	159,824	153,414	(6,410)	62,728	31,702	(31,026)
Capital outlays	106	103	(3)	117	102	(15)
Total expenditures	161,886	155,284	(6,602)	291,379	250,606	(40,773)
Excess (deficiency) of revenues over (under) expenditures	30,674	(22,294)	(52,968)	(44,087)	43,309	87,396
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	25,000	25,003	3	32,090	33,380	1,290
Operating transfers-out	(1)	(1)	--	(13,765)	(13,765)	--
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	55,673	2,708	(52,965)	(25,762)	62,924	88,686
Budgetary fund balances, July 1, 1997	103,133	103,133	--	23,474	23,474	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ 158,806	$ 105,841	$ (52,965)	$ (2,288)	$ 86,398	$ 88,686

	Total		
Final Budget	Actual	Variance Over (Under)
$ 64,450	$ 68,457	$ 4,007
35,191	35,191	--
216,440	209,240	(7,200)
123,993	114,074	(9,919)
222	57	(165)
439,852	426,905	(12,947)
162,000	161,960	(40)
66,103	56,414	(9,689)
2,387	2,195	(192)
222,562	185,116	(37,436)
223	205	(18)
453,265	405,890	(47,375)
(13,413)	21,015	34,428
57,090	58,383	1,293
(13,766)	(13,766)	--
29,911	65,632	35,721
126,607	126,607	--
$ 156,518	$ 192,239	$ 35,721

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Special State Funds - Environmental Protection Agency

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Water Pollution Control			Vehicle Inspection		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 96,440	$ 51,263	$ (45,177)			
Other	48,119	60,880	12,761	$ 48,001	$ 20,847	$ (27,154)
Total revenues	144,559	112,143	(32,416)	48,001	20,847	(27,154)
EXPENDITURES:						
Current:						
General government				1,956	1,767	(189)
Natural resources and recreation	115,886	112,960	(2,926)	43,938	40,454	(3,484)
Capital outlays				106	103	(3)
Total expenditures	115,886	112,960	(2,926)	46,000	42,324	(3,676)
Excess (deficiency) of revenues over (under) expenditures	28,673	(817)	(29,490)	2,001	(21,477)	(23,478)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				25,000	25,003	3
Operating transfers-out				(1)	(1)	--
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	28,673	(817)	(29,490)	27,000	3,525	(23,475)
Budgetary fund balances, July 1, 1997	93,497	93,497	--	9,636	9,636	--
BUDGETARY FUND BALANCES, JUNE 30, 1998	$ 122,170	$ 92,680	$ (29,490)	$ 36,636	$ 13,161	$ (23,475)

	Total	
Final Budget	Actual	Variance Over (Under)
$ 96,440	$ 51,263	$ (45,177)
96,120	81,727	(14,393)
192,560	132,990	(59,570)
1,956	1,767	(189)
159,824	153,414	(6,410)
106	103	(3)
161,886	155,284	(6,602)
30,674	(22,294)	(52,968)
25,000	25,003	3
(1)	(1)	--
55,673	2,708	(52,965)
103,133	103,133	--
$ 158,806	$ 105,841	$ (52,965)

State of Illinois

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Other Agencies, Boards and Commissions

For the Year Ended June 30, 1998 (Expressed in Thousands)

	State Fire Marshal			Housing Development Authority		
	Underground Storage Tank			Illinois Affordable Housing		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Motor fuel taxes	$ 64,450	$ 68,457	$ 4,007			
Public utility taxes						
Federal government						
Other	--	682	682	$ 27,873	$ 31,665	$ 3,792
Less:						
Refunds	222	57	(165)			
Total revenues	64,228	69,082	4,854	27,873	31,665	3,792
EXPENDITURES:						
Current:						
Education						
General government	597	565	(32)	31,400	23,214	(8,186)
Public protection and justice	2,387	2,195	(192)			
Natural resources and recreation	62,728	31,702	(31,026)			
Capital outlays	117	102	(15)			
Total expenditures	65,829	34,564	(31,265)	31,400	23,214	(8,186)
Excess (deficiency) of revenues over (under) expenditures	(1,601)	34,518	36,119	(3,527)	8,451	11,978
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	--	2,512	2,512			
Operating transfers-out	(13,763)	(13,763)	--	(1)	(1)	--
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(15,364)	23,267	38,631	(3,528)	8,450	11,978
Budgetary fund balances (deficits), July 1, 1997	8,404	8,404	--	24,725	24,725	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ (6,960)	$ 31,671	$ 38,631	$ 21,197	$ 33,175	$ 11,978

State Board of Education			Capital Development Board			Metropolitan Pier and Exposition Authority		
Special Education Medicaid Matching			School Infrastructure			Metropolitan Fair and Exposition Authority Improvement Bond		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			$ 35,191	$ 35,191	$ --			
$ 120,000	$ 157,977	$ 37,977						
120,000	157,977	37,977	35,191	35,191	--			
150,000	149,997	(3)	12,000	11,963	(37)			
						$ 32,150	$ 30,868	$ (1,282)
150,000	149,997	(3)	12,000	11,963	(37)	32,150	30,868	(1,282)
(30,000)	7,980	37,980	23,191	23,228	37	(32,150)	(30,868)	1,282
						32,090	30,868	(1,222)
(1)	(1)	--						
(30,001)	7,979	37,980	23,191	23,228	37	(60)	--	60
(9,655)	(9,655)	--						
$ (39,656)	$ (1,676)	$ 37,980	$ 23,191	$ 23,228	$ 37	$ (60)	$ --	$ 60

(continued)

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Special State Funds - Other Agencies, Boards and Commissions

For the Year Ended June 30, 1998 (Expressed in Thousands)

(continued)

	Total		
	Final Budget	Actual	Variance Over (Under)
REVENUES:			
Motor fuel taxes	$ 64,450	$ 68,457	$ 4,007
Public utility taxes	35,191	35,191	-- --
Federal government	120,000	157,977	37,977
Other	27,873	32,347	4,474
Less:			
Refunds	222	57	(165)
Total revenues	247,292	293,915	46,623
EXPENDITURES:			
Current:			
Education	162,000	161,960	(40)
General government	64,147	54,647	(9,500)
Public protection and justice	2,387	2,195	(192)
Natural resources and recreation	62,728	31,702	(31,026)
Capital outlays	117	102	(15)
Total expenditures	291,379	250,606	(40,773)
Excess (deficiency) of revenues over (under) expenditures	(44,087)	43,309	87,396
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:			
Operating transfers-in	32,090	33,380	1,290
Operating transfers-out	(13,765)	(13,765)	-- --
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(25,762)	62,924	88,686
Budgetary fund balances, July 1, 1997	23,474	23,474	-- --
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ (2,288)	$ 86,398	$ 88,686

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State of Illinois

Combining Schedule of Expenditures, Other Sources of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Bond Financed Funds

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Commerce and Community Affairs			Transportation Transportation Series B		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
EXPENDITURES:						
Current:						
Health and social services						
Education	$ 1,344	$ 1,339	$ (5)			
General government	1,290	530	(760)			
Transportation	4,936	752	(4,184)	$ 54,560	$ 54,560	$ --
Public protection and justice						
Natural resources and recreation	25,228	24,803	(425)			
Debt service:						
Principal	185,477	185,477	--			
Capital outlays	2,980	2,911	(69)			
Total expenditures	221,255	215,812	(5,443)	54,560	54,560	--
(Deficiency) of revenues (under) expenditures	(221,255)	(215,812)	5,443	(54,560)	(54,560)	--
OTHER SOURCES OF FINANCIAL RESOURCES:						
Proceeds from general obligation bond issues	108,900	185,481	76,581	64,350	46,642	(17,708)
Excess (deficiency) of revenues over (under) expenditures and other sources of financial resources	(112,355)	(30,331)	82,024	9,790	(7,918)	(17,708)
Budgetary fund balances, July 1, 1997	50,033	50,033	--	36,895	36,895	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ (62,322)	$ 19,702	$ 82,024	$ 46,685	$ 28,977	$ (17,708)

Capital Development Board								
Capital Development			Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 5,601	$ 5,286	$ (315)				$ 5,601	$ 5,286	$ (315)
56,883	43,938	(12,945)	$ 898	$ 201	$ (697)	59,125	45,478	(13,647)
22,392	22,359	(33)	2,181	2,181	--	25,863	25,070	(793)
203	203	--				59,699	55,515	(4,184)
661	177	(484)				661	177	(484)
15,940	12,995	(2,945)	13,837	13,837	--	55,005	51,635	(3,370)
						185,477	185,477	--
168,880	166,786	(2,094)				171,860	169,697	(2,163)
270,560	251,744	(18,816)	16,916	16,219	(697)	563,291	538,335	(24,956)
(270,560)	(251,744)	18,816	(16,916)	(16,219)	697	(563,291)	(538,335)	24,956
394,020	516,060	122,040	36,630	34,726	(1,904)	603,900	782,909	179,009
123,460	264,316	140,856	19,714	18,507	(1,207)	40,609	244,574	203,965
33,421	33,421	--	8,185	8,185	--	128,534	128,534	--
$ 156,881	$ 297,737	$ 140,856	$ 27,899	$ 26,692	$ (1,207)	$ 169,143	$ 373,108	$ 203,965

Combining Schedule of Expenditures, Other Sources of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Bond Financed Funds - Department of Commerce and Community Affairs

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Illinois Civic Center Bond			Build Illinois Bond		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
EXPENDITURES:						
Current:						
Education				$ 1,344	$ 1,339	$ (5)
General government	$ 497	$ 79	$ (418)	793	451	(342)
Transportation				4,936	752	(4,184)
Natural resources and recreation				25,228	24,803	(425)
Debt service:						
Principal	37,411	37,411	--	148,066	148,066	--
Capital outlays				2,980	2,911	(69)
Total expenditures	37,908	37,490	(418)	183,347	178,322	(5,025)
(Deficiency) of revenues (under) expenditures	(37,908)	(37,490)	418	(183,347)	(178,322)	5,025
OTHER SOURCES OF FINANCIAL RESOURCES:						
Proceeds from general obligation bond issues	--	37,411	37,411	108,900	148,070	39,170
(Deficiency) of revenues (under) expenditures and other sources of financial resources	(37,908)	(79)	37,829	(74,447)	(30,252)	44,195
Budgetary fund balances, July 1, 1997	257	257	--	49,776	49,776	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ (37,651)	$ 178	$ 37,829	$ (24,671)	$ 19,524	$ 44,195

	Total	
Final Budget	Actual	Variance Over (Under)
$ 1,344	$ 1,339	$ (5)
1,290	530	(760)
4,936	752	(4,184)
25,228	24,803	(425)
185,477	185,477	--
2,980	2,911	(69)
221,255	215,812	(5,443)
(221,255)	(215,812)	5,443
108,900	185,481	76,581
(112,355)	(30,331)	82,024
50,033	50,033	--
$ (62,322)	$ 19,702	$ 82,024

Combining Schedule of Revenues, Expenditures, Other Sources of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Debt Service Funds

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Build Illinois Bond, Retirement and Interest			General Obligations Bond, Retirement and Interest		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government				$ 300	$ 354	$ 54
Other	$ 155	$ 587	$ 432	17,285	27,124	9,839
Total revenues	155	587	432	17,585	27,478	9,893
EXPENDITURES:						
Current:						
General government	5,050	5,050	--			
Debt service:						
Principal	207,600	207,600	--	553,057	550,562	(2,495)
Interest	476	476	--	278,700	258,845	(19,855)
Total expenditures	213,126	213,126	--	831,757	809,407	(22,350)
(Deficiency) of revenues (under) expenditures	(212,971)	(212,539)	432	(814,172)	(781,929)	32,243
OTHER SOURCES OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues				123,257	123,257	--
Operating transfers-in	207,600	212,650	5,050	681,247	689,399	8,152
Excess (deficiency) of revenues over (under) expenditures and other sources of financial resources	(5,371)	111	5,482	(9,668)	30,727	40,395
Budgetary fund balances, July 1, 1997	1,437	1,437	--	411,016	411,016	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ (3,934)	$ 1,548	$ 5,482	$ 401,348	$ 441,743	$ 40,395

Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			$ 300	$ 354	$ 54
$ 150	$ 707	$ 557	17,590	28,418	10,828
150	707	557	17,890	28,772	10,882
			5,050	5,050	--
3,620	3,620	--	764,277	761,782	(2,495)
11,382	9,075	(2,307)	290,558	268,396	(22,162)
15,002	12,695	(2,307)	1,059,885	1,035,228	(24,657)
(14,852)	(11,988)	2,864	(1,041,995)	(1,006,456)	35,539
			123,257	123,257	--
14,602	14,872	270	903,449	916,921	13,472
(250)	2,884	3,134	(15,289)	33,722	49,011
10,500	10,500	--	422,953	422,953	--
$ 10,250	$ 13,384	$ 3,134	$ 407,664	$ 456,675	$ 49,011

State of Illinois

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Federal Trust Funds

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Code Departments			Agencies, Boards & Commissions		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 1,033,719	$ 944,390	$ (89,329)	$ 1,046,640	$ 1,056,235	$ 9,595
Other	61,239	97,022	35,783	44	600	556
Less:						
Refunds	2,225	148	(2,077)			
Total revenues	1,092,733	1,041,264	(51,469)	1,046,684	1,056,835	10,151
EXPENDITURES:						
Current:						
Health and social services	551,775	480,021	(71,754)			
Education				1,116,575	958,075	(158,500)
General government	521,547	262,333	(259,214)			
Transportation	119,331	119,331	--			
Social assistance	319,681	179,228	(140,453)			
Public protection and justice				187,287	63,694	(123,593)
Natural resources and recreation				50,918	24,347	(26,571)
Capital outlays	9,228	6,195	(3,033)	1,506	966	(540)
Total expenditures	1,521,562	1,047,108	(474,454)	1,356,286	1,047,082	(309,204)
Excess (deficiency) of revenues over (under) expenditures	(428,829)	(5,844)	422,985	(309,602)	9,753	319,355
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	37,427	37,427	--			
Operating transfers-out	(1,142)	(1,142)	--			
Budgetary funds-nonbudgeted accounts	(29,945)	(29,945)	--	(2,127)	(2,127)	--
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(422,489)	496	422,985	(311,729)	7,626	319,355
Budgetary fund balances (deficits), July 1, 1997, as previously reported	(28,335)	(28,335)	--	(91,426)	(91,426)	--
Reclassifications between budgetary/nonbudgetary funds-net						
Budgetary fund balances (deficits), July 1, 1997, as reclassified	(28,335)	(28,335)	--	(91,426)	(91,426)	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ (450,824)	$ (27,839)	$ 422,985	$ (403,155)	$ (83,800)	$ 319,355

Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 264,465	$ 229,953	$ (34,512)	$ 2,344,824	$ 2,230,578	$ (114,246)
21,907	18,385	(3,522)	83,190	116,007	32,817
690	1	(689)	2,915	149	(2,766)
285,682	248,337	(37,345)	2,425,099	2,346,436	(78,663)
132,862	92,710	(40,152)	684,637	572,731	(111,906)
27,767	13,917	(13,850)	1,144,342	971,992	(172,350)
161,054	62,259	(98,795)	682,601	324,592	(358,009)
97,832	24,988	(72,844)	217,163	144,319	(72,844)
37,486	6,358	(31,128)	357,167	185,586	(171,581)
45,960	34,603	(11,357)	233,247	98,297	(134,950)
15,919	9,659	(6,260)	66,837	34,006	(32,831)
602	469	(133)	11,336	7,630	(3,706)
519,482	244,963	(274,519)	3,397,330	2,339,153	(1,058,177)
(233,800)	3,374	237,174	(972,231)	7,283	979,514
9,915	4,624	(5,291)	47,342	42,051	(5,291)
(3,482)	(3,482)	--	(4,624)	(4,624)	--
(9,127)	(9,127)	--	(41,199)	(41,199)	--
(236,494)	(4,611)	231,883	(970,712)	3,511	974,223
37,343	37,343	--	(82,418)	(82,418)	--
(31)	(31)	--	(31)	(31)	--
37,312	37,312	--	(82,449)	(82,449)	--
$ (199,182)	$ 32,701	$ 231,883	$ (1,053,161)	$ (78,938)	$ 974,223

State of Illinois

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Federal Trust Funds - Code Departments

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Commerce and Community Affairs			Human Services		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 256,400	$ 260,083	$ 3,683	$ 317,398	$ 242,015	$ (75,383)
Other	200	313	113	1,163	1,558	395
Less:						
Refunds	1,550	7	(1,543)	175	140	(35)
Total revenues	255,050	260,389	5,339	318,386	243,433	(74,953)
EXPENDITURES:						
Current:						
Health and social services				282,497	232,284	(50,213)
General government	521,547	262,333	(259,214)			
Transportation						
Social assistance				129,428	15,761	(113,667)
Capital outlays	120	114	(6)	5,313	2,563	(2,750)
Total expenditures	521,667	262,447	(259,220)	417,238	250,608	(166,630)
Excess (deficiency) of revenues over (under) expenditures	(266,617)	(2,058)	264,559	(98,852)	(7,175)	91,677
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				37,427	37,427	--
Operating transfers-out	(1,142)	(1,142)	--			
Budgetary funds-nonbudgeted accounts				(29,906)	(29,906)	--
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(267,759)	(3,200)	264,559	(91,331)	346	91,677
Budgetary fund balances (deficits), July 1, 1997	(17,851)	(17,851)	--	(3,170)	(3,170)	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ (285,610)	$ (21,051)	$ 264,559	$ (94,501)	$ (2,824)	$ 91,677

Other Code Departments			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 459,921	$ 442,292	$ (17,629)	$ 1,033,719	$ 944,390	$ (89,329)
59,876	95,151	35,275	61,239	97,022	35,783
500	1	(499)	2,225	148	(2,077)
519,297	537,442	18,145	1,092,733	1,041,264	(51,469)
269,278	247,737	(21,541)	551,775	480,021	(71,754)
			521,547	262,333	(259,214)
119,331	119,331	--	119,331	119,331	--
190,253	163,467	(26,786)	319,681	179,228	(140,453)
3,795	3,518	(277)	9,228	6,195	(3,033)
582,657	534,053	(48,604)	1,521,562	1,047,108	(474,454)
(63,360)	3,389	66,749	(428,829)	(5,844)	422,985
			37,427	37,427	--
			(1,142)	(1,142)	--
(39)	(39)	--	(29,945)	(29,945)	--
(63,399)	3,350	66,749	(422,489)	496	422,985
(7,314)	(7,314)	--	(28,335)	(28,335)	--
$ (70,713)	$ (3,964)	$ 66,749	$ (450,824)	$ (27,839)	$ 422,985

State of Illinois

Combining Schedule of Revenues, Expenditures, Other Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Federal Trust Funds - Department of Commerce and Community Affairs

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Low Income Home Energy Assistance Block Grant			Community Development/ Small Cities Block Grant		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 51,800	$ 61,310	$ 9,510	$ 59,800	$ 71,273	$ 11,473
Other				200	283	83
Less:						
Refunds	600	-- --	(600)	300	-- --	(300)
Total revenues	51,200	61,310	10,110	59,700	71,556	11,856
EXPENDITURES:						
General government	121,871	60,654	(61,217)	163,120	70,296	(92,824)
Capital outlays	66	64	(2)	14	12	(2)
Total expenditures	121,937	60,718	(61,219)	163,134	70,308	(92,826)
Excess (deficiency) of revenues over (under) expenditures	(70,737)	592	71,329	(103,434)	1,248	104,682
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out				(3)	(3)	-- --
Excess (deficiency) of revenues over (under) expenditures and other (uses) of financial resources	(70,737)	592	71,329	(103,437)	1,245	104,682
Budgetary fund balances (deficits), July 1, 1997	(1,452)	(1,452)	-- --	(4,481)	(4,481)	-- --
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ (72,189)	$ (860)	$ 71,329	$ (107,918)	$ (3,236)	$ 104,682

Job Training Partnership			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 144,800	$ 127,500	$ (17,300)	$ 256,400	$ 260,083	$ 3,683
--	30	30	200	313	113
650	7	(643)	1,550	7	(1,543)
144,150	127,523	(16,627)	255,050	260,389	5,339
236,556	131,383	(105,173)	521,547	262,333	(259,214)
40	38	(2)	120	114	(6)
236,596	131,421	(105,175)	521,667	262,447	(259,220)
(92,446)	(3,898)	88,548	(266,617)	(2,058)	264,559
(1,139)	(1,139)	--	(1,142)	(1,142)	--
(93,585)	(5,037)	88,548	(267,759)	(3,200)	264,559
(11,918)	(11,918)	--	(17,851)	(17,851)	--
$ (105,503)	$ (16,955)	$ 88,548	$ (285,610)	$ (21,051)	$ 264,559

State of Illinois

Combining Schedule of Revenues, Expenditures, Other Sources of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Federal Trust Funds - Department of Human Services

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Public Health Services			Vocational Rehabilitation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 48,700	$ 58,785	$ 10,085	$ 96,985	$ 97,386	$ 401
Other	200	637	437	963	906	(57)
Less:						
Refunds	170	140	(30)	5	-- --	(5)
Total revenues	48,730	59,282	10,552	97,943	98,292	349
EXPENDITURES:						
Current:						
Health and social services	85,586	56,197	(29,389)	106,494	97,622	(8,872)
Social assistance						
Capital outlays	1,651	604	(1,047)	1,759	1,444	(315)
Total expenditures	87,237	56,801	(30,436)	108,253	99,066	(9,187)
Excess (deficiency) of revenues over (under) expenditures	(38,507)	2,481	40,988	(10,310)	(774)	9,536
OTHER SOURCES OF FINANCIAL RESOURCES:						
Operating transfers-in						
Budgetary funds-nonbudgeted accounts				(440)	(440)	-- --
Excess (deficiency) of revenues over (under) expenditures, other sources of financial resources and budgetary funds-nonbudgeted accounts	(38,507)	2,481	40,988	(10,750)	(1,214)	9,536
Budgetary fund balances (deficits), July 1, 1997	(9,557)	(9,557)	-- --	8,598	8,598	-- --
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ (48,064)	$ (7,076)	$ 40,988	$ (2,152)	$ 7,384	$ 9,536

Special Purposes Trust			Old Age Survivors Insurance			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 118,301	$ 27,637	$ (90,464)	$ 53,412	$ 58,007	$ 4,595	$ 317,398	$ 242,015	$ (75,383)
--	14	14	--	1	1	1,163	1,558	395
						175	140	(35)
118,301	27,851	(90,450)	53,412	58,008	4,596	318,386	243,433	(74,953)
26,313	21,482	(4,831)	64,104	56,983	(7,121)	282,497	232,284	(50,213)
129,428	15,761	(113,667)				129,428	15,761	(113,667)
3	2	(1)	1,900	513	(1,387)	5,313	2,563	(2,750)
155,744	37,245	(118,499)	66,004	57,496	(8,508)	417,238	250,608	(166,630)
(37,443)	(9,394)	28,049	(12,592)	512	13,104	(98,852)	(7,175)	91,677
37,427	37,427	--				37,427	37,427	--
(29,448)	(29,448)	--	(18)	(18)	--	(29,906)	(29,906)	--
(29,464)	(1,415)	28,049	(12,610)	494	13,104	(91,331)	346	91,677
1,401	1,401	--	(3,612)	(3,612)	--	(3,170)	(3,170)	--
$ (28,063)	$ (14)	$ 28,049	$ (16,222)	$ (3,118)	$ 13,104	$ (94,501)	$ (2,824)	$ 91,677

Combining Schedule of Revenues, Expenditures and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Federal Trust Funds - Other Code Departments

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Employment Security			Transportation		
	Title III Social Security & Employment Service			Federal/Local Airport		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 144,385	$ 167,791	$ 23,406	$ 99,945	$ 79,998	$ (19,947)
Other	15,883	142	(15,741)	8,993	37,207	28,214
Less:						
Refunds	300	1	(299)			
Total revenues	159,968	167,932	7,964	108,938	117,205	8,267
EXPENDITURES:						
Current:						
Health and social services						
Transportation				119,331	119,331	--
Social assistance	190,253	163,467	(26,786)			
Capital outlays	3,515	3,347	(168)			
Total expenditures	193,768	166,814	(26,954)	119,331	119,331	--
Excess (deficiency) of revenues over (under) expenditures	(33,800)	1,118	34,918	(10,393)	(2,126)	8,267
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other sources of financial resources and budgetary funds-non budgeted accounts	(33,800)	1,118	34,918	(10,393)	(2,126)	8,267
Budgetary fund balances (deficits), July 1, 1997	17,985	17,985	--	3,267	3,267	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ (15,815)	$ 19,103	$ 34,918	$ (7,126)	$ 1,141	$ 8,267

Aging			Public Health					
Services for Older Americans			USDA, Woman, Infants and Children			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 50,591	$ 48,970	$ (1,621)	$ 165,000	$ 145,533	$ (19,467)	$ 459,921	$ 442,292	$ (17,629)
			35,000	57,802	22,802	59,676	95,151	35,275
			200	--	(200)	500	1	(499)
50,591	48,970	(1,621)	199,800	203,335	3,535	519,297	537,442	18,145
51,928	46,758	(5,170)	217,350	200,979	(16,371)	269,278	247,737	(21,541)
						119,331	119,331	--
						190,253	163,467	(26,786)
1	1	--	279	170	(109)	3,795	3,518	(277)
51,929	46,759	(5,170)	217,629	201,149	(16,480)	582,657	534,053	(48,604)
(1,338)	2,211	3,549	(17,829)	2,186	20,015	(63,360)	3,389	66,749
(39)	(39)	--				(39)	(39)	--
(1,377)	2,172	3,549	(17,829)	2,186	20,015	(63,399)	3,350	66,749
(10,610)	(10,610)	--	(17,956)	(17,956)	--	(7,314)	(7,314)	--
$ (11,987)	$ (8,438)	$ 3,549	$ (35,785)	$ (15,770)	$ 20,015	$ (70,713)	$ (3,964)	$ 66,749

Combining Schedule of Revenues, Expenditures and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Federal Trust Funds - Agencies, Boards and Commissions

For the Year Ended June 30, 1998 (Expressed in Thousands)

	State Board of Education			Environmental Protection Agency U. S. Environmental Protection		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 935,000	$ 965,278	$ 30,278	$ 34,000	$ 25,656	$ (8,344)
Other	30	41	11	14	545	531
Total revenues	935,030	965,319	30,289	34,014	26,201	(7,813)
EXPENDITURES:						
Current:						
Education	1,116,575	958,075	(158,500)			
Public protection and justice						
Natural resources and recreation				50,916	24,347	(26,571)
Capital outlays	603	411	(192)	903	555	(348)
Total expenditures	1,117,178	958,486	(158,692)	51,821	24,902	(26,919)
Excess (deficiency) of revenues over (under) expenditures	(182,148)	6,833	188,981	(17,807)	1,299	19,106
Budgetary funds-nonbudgeted accounts	(333)	(333)	--			
Excess (deficiency) of revenues over (under) expenditures and budgetary funds-nonbudgeted accounts	(182,481)	6,500	188,981	(17,807)	1,299	19,106
Budgetary fund balances (deficits), July 1, 1997	(83,876)	(83,876)	--	(514)	(514)	--
BUDGETARY FUND BALANCE (DEFICITS), JUNE 30, 1998	$ (266,357)	$ (77,376)	$ 188,981	$ (18,321)	$ 785	$ 19,106

Criminal Justice Information Authority			Emergency Management Agency			Total		
Criminal Justice Trust			Federal Aid Disaster					
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 37,640	$ 32,157	$ (5,483)	$ 40,000	$ 33,144	$ (6,856)	$ 1,046,640	$ 1,056,235	$ 9,595
			--	14	14	44	600	556
37,640	32,157	(5,483)	40,000	33,158	(6,842)	1,046,684	1,056,835	10,151
						1,116,575	958,075	(158,500)
74,912	32,484	(42,428)	112,375	31,210	(81,165)	187,287	63,694	(123,593)
						50,918	24,347	(26,571)
						1,506	966	(540)
74,912	32,484	(42,428)	112,375	31,210	(81,165)	1,356,286	1,047,082	(309,204)
(37,272)	(327)	36,945	(72,375)	1,948	74,323	(309,602)	9,753	319,355
			(1,794)	(1,794)	--	(2,127)	(2,127)	--
(37,272)	(327)	36,945	(74,169)	154	74,323	(311,729)	7,626	319,355
(3,259)	(3,259)	--	(3,777)	(3,777)	--	(91,426)	(91,426)	--
$ (40,531)	$ (3,586)	$ 36,945	$ (77,946)	$ (3,623)	$ 74,323	$ (403,155)	$ (83,800)	$ 319,355

Combining Schedule of Revenues, Expenditures and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Federal Trust Funds - State Board of Education

For the Year Ended June 30, 1998 (Expressed in Thousands)

	S.B.E. Federal Department of Agriculture			S.B.E. Federal Department of Education		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 350,000	$ 318,569	$ (31,431)	$ 585,000	$ 646,709	$ 61,709
Other				30	41	11
Total revenues	350,000	318,569	(31,431)	585,030	646,750	61,720
EXPENDITURES:						
Current:						
Education	326,239	314,968	(11,271)	790,336	643,107	(147,229)
Capital outlays	295	213	(82)	308	198	(110)
Total expenditures	326,534	315,181	(11,353)	790,644	643,305	(147,339)
Excess (deficiency) of revenues over (under) expenditures	23,466	3,388	(20,078)	(205,614)	3,445	209,059
Budgetary funds-nonbudgeted accounts	(318)	(318)	--	(15)	(15)	--
Excess (deficiency) of revenues over (under) expenditures and budgetary funds-nonbudgeted accounts	23,148	3,070	(20,078)	(205,629)	3,430	209,059
Budgetary fund balances (deficits), July 1, 1997	(44,294)	(44,294)	--	(39,582)	(39,582)	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ (21,146)	$ (41,224)	$ (20,078)	$ (245,211)	$ (36,152)	$ 209,059

Total		
Final Budget	Actual	Variance Over (Under)
$ 935,000	$ 965,278	$ 30,278
30	41	11
935,030	965,319	30,289
1,116,575	958,075	(158,500)
603	411	(192)
1,117,178	958,486	(158,692)
(182,148)	6,833	188,981
(333)	(333)	--
(182,481)	6,500	188,981
(83,876)	(83,876)	--
$ (266,357)	$ (77,376)	$ 188,981

State of Illinois

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Revolving Funds

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Central Management Services			Corrections Working Capital		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Other	$ 222,080	$ 212,768	$ (9,312)	$ 43,724	$ 43,520	$ (204)
Less:						
Refunds				26	23	(3)
Total revenues	222,080	212,768	(9,312)	43,698	43,497	(201)
EXPENDITURES:						
Current:						
Education						
General government	229,508	186,973	(42,535)			
Transportation						
Public protection and justice				45,367	41,849	(3,518)
Capital outlays	1,594	1,502	(92)	2,082	1,505	(577)
Total expenditures	231,102	188,475	(42,627)	47,449	43,354	(4,095)
Excess (deficiency) of revenues over (under) expenditures	(9,022)	24,293	33,315	(3,751)	143	3,894
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	2,401	504	(1,897)			
Operating transfers-out	(13)	(13)	--	(35)	(35)	--
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(6,634)	24,784	31,418	(3,786)	108	3,894
Budgetary fund balances, July 1, 1997	29,989	29,989	--	851	851	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ 23,355	$ 54,773	$ 31,418	$ (2,935)	$ 959	$ 3,894

Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 6,814	$ 4,544	$ (2,270)	$ 272,618	$ 260,832	$ (11,786)
			26	23	(3)
6,814	4,544	(2,270)	272,592	260,809	(11,783)
1,118	811	(307)	1,118	811	(307)
5,559	3,576	(1,983)	235,067	190,549	(44,518)
1,000	789	(211)	1,000	789	(211)
			45,367	41,849	(3,518)
221	74	(147)	3,897	3,081	(816)
7,898	5,250	(2,648)	286,449	237,079	(49,370)
(1,084)	(706)	378	(13,857)	23,730	37,587
			2,401	504	(1,897)
(27)	(27)	--	(75)	(75)	--
(1,111)	(733)	378	(11,531)	24,159	35,690
2,733	2,733	--	33,573	33,573	--
$ 1,622	$ 2,000	$ 378	$ 22,042	$ 57,732	$ 35,690

State of Illinois

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Revolving Funds - Department of Central Management Services

For the Year Ended June 30, 1998 (Expressed in Thousands)

	State Garage			Statistical Services		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Other	$ 29,896	$ 31,099	$ 1,203	$ 70,084	$ 75,155	$ 5,071
Total revenues	29,896	31,099	1,203	70,084	75,155	5,071
EXPENDITURES:						
Current:						
General government	33,684	29,931	(3,753)	71,513	57,268	(14,245)
Capital outlays	1,101	1,047	(54)	231	203	(28)
Total expenditures	34,785	30,978	(3,807)	71,744	57,471	(14,273)
Excess (deficiency) of revenues over (under) expenditures	(4,889)	121	5,010	(1,660)	17,684	19,344
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	--	1	1	2,401	501	(1,900)
Operating transfers-out	(2)	(2)	--	(4)	(4)	--
Excess (deficiency) of revenues over expenditures and other sources (uses) of financial resources	(4,891)	120	5,011	737	18,181	17,444
Budgetary fund balances (deficits), July 1, 1997	(4,975)	(4,975)	--	21,572	21,572	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ (9,866)	$ (4,855)	$ 5,011	$ 22,309	$ 39,753	$ 17,444

Communications			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 122,100	$ 106,514	$ (15,586)	$ 222,080	$ 212,768	$ (9,312)
122,100	106,514	(15,586)	222,080	212,768	(9,312)
124,311	99,774	(24,537)	229,508	186,973	(42,535)
262	252	(10)	1,594	1,502	(92)
124,573	100,026	(24,547)	231,102	188,475	(42,627)
(2,473)	6,488	8,961	(9,022)	24,293	33,315
--	2	2	2,401	504	(1,897)
(7)	(7)	--	(13)	(13)	--
(2,480)	6,483	8,963	(6,634)	24,784	31,418
13,392	13,392	--	29,989	29,989	--
$ 10,912	$ 19,875	$ 8,963	$ 23,355	$ 54,773	$ 31,418

State of Illinois

Combining Schedule of Revenues, Expenditures, Other Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
State Trust Funds

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Central Management Services			Public Aid		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Sales taxes						
Motor fuel taxes						
Federal government	$ 506	$ 511	$ 5	$ 95,136	$ 53,425	$ (41,711)
Other	95,262	107,819	12,557	213,797	364,661	150,864
Total revenues	95,768	108,330	12,562	308,933	418,086	109,153
EXPENDITURES:						
Current:						
Health and social services						
Education						
General government	117,807	107,335	(10,472)	642	627	(15)
Social assistance				142,201	112,770	(29,431)
Public protection and justice						
Natural resources and recreation						
Capital outlays	18	--	(18)	1,799	1,472	(327)
Total expenditures	117,825	107,335	(10,490)	144,642	114,869	(29,773)
Excess (deficiency) of revenues over (under) expenditures	(22,057)	995	23,052	164,291	303,217	138,926
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(13)	(13)	--	(83,950)	(83,950)	--
Budgetary funds-nonbudgeted accounts				(211,176)	(211,176)	--
Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts	(22,070)	982	23,052	(130,835)	8,091	138,926
Budgetary fund balances (deficits), July 1, 1997, as previously reported	(2,635)	(2,635)	--	58,491	58,491	--
Reclassifications between budgetary-nonbudgetary funds-net						
Budgetary fund balances (deficits), July 1, 1997 as reclassified	(2,635)	(2,635)	--	58,491	58,491	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ (24,705)	$ (1,653)	$ 23,052	$ (72,344)	$ 66,582	$ 138,926

Revenue			Student Assistance Commission					
Home Rule Municipal R.O.T.			ISAC Student Loan			Other		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 323,605	$ 323,605	$ --				$ 24,239	$ 24,239	$ --
			$ 137,000	$ 77,355	$ (59,645)	25,528	17,932	(7,596)
988	988	--	65,000	89,863	24,863	14,422	12,869	(1,553)
324,593	324,593	--	202,000	167,218	(34,782)	64,189	55,040	(9,149)
						6,944	2,134	(4,810)
			200,509	146,119	(54,390)	21,507	1,687	(19,820)
316	309	(7)				23,956	18,819	(5,137)
						2,952	1,159	(1,793)
						4,962	3,770	(1,192)
			380	374	(6)			
316	309	(7)	200,889	146,493	(54,396)	60,321	27,569	(32,752)
324,277	324,284	7	1,111	20,725	19,614	3,868	27,471	23,603
			(57)	(57)	--	(6)	(6)	--
(299,411)	(299,411)	--				(23,913)	(23,913)	--
24,866	24,873	7	1,054	20,668	19,614	(20,051)	3,552	23,603
1,706	1,706	--	43,756	43,756	--	12,968	12,968	--
						(5,389)	(5,389)	--
1,706	1,706	--	43,756	43,756	--	7,579	7,579	--
$ 26,572	$ 26,579	$ 7	$ 44,810	$ 64,424	$ 19,614	$ (12,472)	$ 11,131	$ 23,603

(continued)

Combining Schedule of Revenues, Expenditures, Other Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
State Trust Funds

For the Year Ended June 30, 1998 (Expressed in Thousands)

(continued)

	Total		
	Final Budget	Actual	Variance Over (Under)
REVENUES:			
Sales taxes	$ 323,605	$ 323,605	$ --
Motor fuel taxes	24,239	24,239	--
Federal government	258,170	149,223	(108,947)
Other	389,469	576,200	186,731
Total revenues	995,483	1,073,267	77,784
EXPENDITURES:			
Current:			
Health and social services	6,944	2,134	(4,810)
Education	222,016	147,806	(74,210)
General government	142,721	127,090	(15,631)
Social assistance	142,201	112,770	(29,431)
Public protection and justice	2,952	1,159	(1,793)
Natural resources and recreation	4,962	3,770	(1,192)
Capital outlays	2,197	1,846	(351)
Total expenditures	523,993	396,575	(127,418)
Excess (deficiency) of revenues over (under) expenditures	471,490	676,692	205,202
OTHER (USES) OF FINANCIAL RESOURCES:			
Operating transfers-out	(84,026)	(84,026)	--
Budgetary funds-nonbudgeted accounts	(534,500)	(534,500)	--
Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts	(147,036)	58,166	205,202
Budgetary fund balances (deficits), July 1, 1997, as previously reported	114,286	114,286	--
Reclassifications between budgetary-nonbudgetary funds-net	(5,389)	(5,389)	--
Budgetary fund balances (deficits), July 1, 1997 as reclassified	108,897	108,897	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ (38,139)	$ 167,063	$ 205,202

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State of Illinois

Combining Schedule of Revenues, Expenditures, Other Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
State Trust Funds - Department of Central Management Services

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Local Government Health Insurance Reserve			Group Insurance Premium		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government				$ 506	$ 511	$ 5
Other	$ 38,100	$ 46,442	$ 8,342	57,162	61,377	4,215
Total revenues	38,100	46,442	8,342	57,668	61,888	4,220
EXPENDITURES:						
Current:						
General government	47,307	46,951	(356)	70,500	60,384	(10,116)
Capital outlays	18	--	(18)			
Total expenditures	47,325	46,951	(374)	70,500	60,384	(10,116)
Excess (deficiency) of revenues over (under) expenditures	(9,225)	(509)	8,716	(12,832)	1,504	14,336
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(5)	(5)	--	(8)	(8)	--
Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources	(9,230)	(514)	8,716	(12,840)	1,496	14,336
Budgetary fund balances (deficits), July 1, 1997	3,461	3,461	--	(6,096)	(6,096)	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ (5,769)	$ 2,947	$ 8,716	$ (18,936)	$ (4,600)	$ 14,336

Total		
Final Budget	Actual	Variance Over (Under)
$ 506	$ 511	$ 5
95,262	107,819	12,557
95,768	108,330	12,562
117,807	107,335	(10,472)
18	--	(18)
117,825	107,335	(10,490)
(22,057)	995	23,052
(13)	(13)	--
(22,070)	982	23,052
(2,635)	(2,635)	--
$ (24,705)	$ (1,653)	$ 23,052

State of Illinois

Combining Schedule of Revenues, Expenditures, Other Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)

State Trust Funds - Department of Public Aid

For the Year Ended June 30, 1998 (Expressed in Thousands)

	Public Assistance Recoveries			Child Support Enforcement		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 5,006	$ 5,006	$ --	$ 90,130	$ 48,419	$ (41,711)
Other	176,527	176,533	6	37,270	188,128	150,858
Total revenues	181,533	181,539	6	127,400	236,547	109,147
EXPENDITURES:						
Current:						
General government				642	627	(15)
Social assistance				142,201	112,770	(29,431)
Capital outlays				1,799	1,472	(327)
Total expenditures				144,642	114,869	(29,773)
Excess (deficiency) of revenues over (under) expenditures	181,533	181,539	6	(17,242)	121,678	138,920
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(77,849)	(77,849)	--	(6,101)	(6,101)	--
Budgetary funds-nonbudgeted accounts	(83,037)	(83,037)	--	(128,139)	(128,139)	--
Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds - nonbudgeted accounts	20,647	20,653	6	(151,482)	(12,562)	138,920
Budgetary fund balances, July 1, 1997	25,010	25,010	--	33,481	33,481	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1998	$ 45,657	$ 45,663	$ 6	$ (118,001)	$ 20,919	$ 138,920

Total		
Final Budget	Actual	Variance Over (Under)
$ 95,136	$ 53,425	$ (41,711)
213,797	364,661	150,864
308,933	418,086	109,153
642	627	(15)
142,201	112,770	(29,431)
1,799	1,472	(327)
144,642	114,869	(29,773)
164,291	303,217	138,926
(83,950)	(83,950)	-- --
(211,176)	(211,176)	-- --
(130,835)	8,091	138,926
58,491	58,491	-- --
$ (72,344)	$ 66,582	$ 138,926

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STATISTICAL AND ECONOMIC DATA

Combined Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources - GAAP Basis All Governmental Fund Types and Expendable Trust Funds

For the Last Ten Fiscal Years (Expressed in Thousands)

	1998	1997	1996	1995	1994
REVENUES					
Income taxes	$ 8,810,664	$ 7,931,647	$ 7,350,286	$ 6,862,484	$ 6,341,405
Sales taxes	7,167,852	6,823,157	6,520,321	6,271,692	5,984,237
Motor fuel taxes	1,287,585	1,231,754	1,197,288	1,154,482	1,098,820
Public utility taxes	1,207,894	1,092,681	1,047,020	985,016	1,011,616
Other taxes	2,774,555	2,854,650	2,901,397	3,266,077	3,110,413
Federal government	8,950,849	8,909,679	8,409,885	8,639,857	8,404,474
Licenses and fees	1,093,463	1,078,001	1,020,758	1,001,099	996,453
Interest and other investment income	421,478	359,404	351,718	311,898	202,119
Other	1,551,962	1,395,495	1,099,356	1,035,374	1,308,394
Total revenues	33,266,302	31,676,468	29,898,029	29,527,979	28,457,931
EXPENDITURES					
Current:					
Health and social services	9,963,460	9,289,837	8,732,071	8,623,643	7,855,039
Education	6,785,608	6,131,774	5,752,793	5,395,845	5,128,035
General government	5,565,134	4,986,851	4,917,335	4,571,183	4,417,418
Social assistance	3,539,969	3,873,387	4,131,674	3,995,466	4,698,546
Transportation	2,649,178	2,697,520	2,627,170	2,713,372	2,535,653
Public protection and justice	1,678,187	1,613,345	1,481,413	1,437,874	1,412,870
Natural resources and recreation	414,082	418,567	364,848	388,607	426,270
Debt service:					
Principal	522,953	501,299	456,350	443,676	427,646
Interest	443,161	442,578	433,587	444,490	396,971
Capital outlays	342,900	374,703	366,518	290,361	263,573
Total expenditures	31,904,632	30,329,861	29,263,759	28,304,517	27,562,021
Excess (deficiency) of revenues over (under) expenditures	1,361,670	1,346,607	634,270	1,223,462	895,910
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Proceeds from notes and general/special obligation bond issues	597,428	406,473	728,944	776,220	686,929
Proceeds from general/special obligation refunding bond issues	308,738	84,803	318,040		501,162
Operating transfers-in	4,545,916	4,460,454	4,395,048	4,149,874	3,559,780
Operating transfers from component units	247	777	18	40	113
Operating transfers-out	(4,040,335)	(3,876,480)	(3,790,475)	(3,564,180)	(3,002,277)
Operating transfers to component units	(1,492,592)	(1,423,032)	(1,402,746)	(1,377,869)	(1,284,315)
Capital lease financing	11,990	19,249	26,411	10,711	23,148
Payment to refunded bond escrow agent	(308,738)	(84,803)	(318,040)		(501,162)
Proceeds from certificates of participation			90,052	18,802	
Proceeds from certificates of participation refunding					
Net other sources (uses) of financial resources	(377,346)	(412,559)	47,252	13,598	(16,622)
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources	$ 984,324	934,048	$ 681,522	$ 1,237,060	$ 879,288

* As restated

1993	1992	1991	1990 *	1989
$ 5,927,379	$ 5,645,604	$ 5,472,105	$ 5,338,959	$ 4,677,087
5,514,941	5,183,617	5,263,439	4,825,537 *	3,937,291
1,056,565	1,032,741	1,020,294	947,840	725,929
970,740	952,493	927,745	913,222	910,247
2,739,100	1,972,536	1,903,844	1,980,669	2,047,575
8,078,948	7,075,372	5,583,518	5,083,032	4,687,304
1,144,715	1,317,403	839,862	830,495	776,878
171,410	254,302	339,960	373,813	302,439
552,133	470,987	416,791	390,013	278,257
26,155,931	23,905,055	21,767,558	20,683,580	18,343,007
7,387,137	6,369,477	5,117,272	4,501,034	3,885,003
4,857,626	4,679,110	4,667,968	4,480,114	4,047,950
4,182,189	3,967,119	4,147,658	3,608,186	2,459,592
4,706,918	4,649,024	3,935,452	3,350,807	2,983,126
2,372,496	2,605,775	2,540,051	2,207,848	1,954,240
1,168,459	1,114,520	1,089,656	988,815	888,238
369,944	394,158	429,966	420,014	363,986
394,935	379,301	354,320	324,240	280,653
380,755	350,639	343,337	378,989	367,814
272,729	253,729	367,077	367,790	303,723
26,093,188	24,762,852	22,992,757	20,627,837	17,534,325
62,743	(857,797)	(1,225,199)	55,743	808,682
522,808	588,673	621,703	635,530	529,152
880,673	436,203		181,164	
3,546,143	3,402,400	3,204,329	2,893,649	2,515,717
(4,136,820)	(3,965,878)	(3,861,013)	(3,520,707)	(2,960,409)
41,719	21,245	35,642	39,369	20,272
(880,673)	(438,686)		(224,211)	
			16,671	
	2,483			
(26,150)	46,440	661	21,465	104,732
$ 36,593	$ (811,357)	$ (1,224,538)	$ 77,208	$ 913,414

Ratio of General and Special Obligation Bonded Debt To Assessed Value and Net Bonded Debt Per Capita

For the Last Ten Fiscal Years (Expressed In Thousands Except Ratio and Per Capita Data)

For the Year Ended June 30	Population	Equalized Assessed Value	General and Special Obligation Bond Debt			Net General and Special Obligation Bond Debt	
			Total	Less Debt Service Fund	Net	Ratio to Assessed Value	Per Capita
1988	11,392	$ 99,720,000	$ 4,456,376	$ 167,180	$ 4,289,196	4.30 %	376.51
1989	11,410	107,416,000	4,756,265	203,301	4,552,964	4.24	399.03
1990	11,431	117,543,328	5,144,930	214,029	4,930,901	4.19	431.36
1991	11,543	127,707,027	5,520,230	251,506	5,268,724	4.13	456.44
1992	11,613	136,609,057	5,918,461	257,655	5,660,806	4.14	487.45
1993	11,697	144,468,536	6,274,656	355,254	5,919,402	4.10	506.06
1994	11,752	150,144,693	6,699,950	361,549	6,338,401	4.22	539.35
1995	11,830	157,653,737	7,143,804	416,068	6,727,736	4.27	568.70
1996	11,847	165,443,101	7,537,521	499,319	7,038,202	4.25	594.09
1997	11,896	171,381,749 e	7,539,564	605,629	6,933,935	4.05	582.88
1998	(a)		7,718,410	689,510	7,028,900		

e-estimated

(a)- Population and Equalized Assessed Value data are not available.

Source: Illinois Property Tax Statistics - Illinois Department of Revenue.
U.S. Department of Commerce, Bureau of the Census.

State of Illinois

Ratio of Annual Debt Service for General and Special Obligation Debt to Total Revenues and Expenditures - GAAP Basis All Governmental Fund Types (Primary Government and Component Units)

For the Last Ten Fiscal Years (Expressed in Thousands Except Ratio Data)

For the Year Ended June 30	Principal	Interest	Total Debt Service	Revenues	Ratio	Expenditures	Ratio
1989	$ 256,620	$ 305,289	$ 561,909	$ 18,343,007	3.06 %	$ 17,534,325	3.20 %
1990	294,075	302,188	596,263	20,683,580	2.88	20,627,837	2.89
1991	323,270	299,723	622,993	21,767,558	2.86	22,992,757	2.71
1992	349,878	296,405	646,283	23,905,055	2.70	24,762,852	2.61
1993	369,687	318,813	688,500	26,155,931	2.63	26,093,188	2.64
1994	410,292	323,309	733,601	28,463,037	2.58	27,567,179	2.66
1995	427,902	350,295	778,197	29,555,580	2.63	28,311,850	2.75
1996	440,080	352,906	792,986	29,945,854	2.65	29,281,140	2.71
1997	479,810	359,718	839,528	31,716,307	2.65	30,345,472	2.77
1998	496,882	357,405	854,287	33,318,487	2.56	31,918,915	2.68

Revenue Bond Coverage
Proprietary

For the Last Ten Fiscal Years (Expressed in Thousands Except Coverage Data)

Fiscal Year	Gross Revenues	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage
PRIMARY GOVERNMENT							
Illinois Student Assistance Commission -							
1989	$ 33,440	$ 5,668	$ 27,772	$ 30,960	$ 21,744	$ 52,704	.53
1990	59,665 (a)	7,101	52,564	56,795 (a)	31,251	88,046	.60
1991	73,133 (b)	12,859	60,274	33,200 (b)	17,184	50,384	1.20
1992	121,320 (c)	9,600	111,720	58,690 (c)	38,526	97,216	1.15
1993	131,411 (d)	12,591	118,820	68,930 (d)	40,367	109,297	1.09
1994	202,314 (e)	13,053	189,261	140,680 (e)	42,548	183,228	1.03
1995	117,416 (f)	14,142	103,274	61,720 (f)	44,596	106,316	0.97
1996	124,164 (g)	15,338	108,826	61,025 (g)	47,692	108,717	1.00
1997	144,930 (p)	20,078	124,852	76,165 (p)	51,995	128,160	0.97
1998	107,397 (r)	21,125	86,272	29,995 (r)	57,604	87,599	0.98
COMPONENT UNITS							
Illinois State Toll Highway Authority -							
1989	$ 213,941	$ 75,269	$ 138,672	$ 4,025	$ 40,776	$ 44,801	3.10
1990	246,602	85,909	160,693	4,285	40,517	44,802	3.59
1991	247,381	99,256	148,125	15,735	40,231	55,966	2.65
1992	258,248	101,506	156,742	27,230	48,385	75,615	2.07
1993	262,209	90,311	171,898	17,710	47,818	65,528	2.62
1994	293,092	127,132	165,960	21,545	52,149	73,694	2.25
1995	314,657	186,967	127,690	24,250	53,962	78,212	1.63
1996	325,410	167,580	157,830	25,750	54,354	80,104	1.97
1997	460,329 (q)	178,901	281,428	174,590 (q)	54,565	229,155	1.23
1998	330,713	124,470	206,243	26,610	51,553	78,163	2.64
Illinois Housing Development Authority -							
1989	$ 191,766	$ 13,137	$ 178,629	$ 73,811	$ 157,220	$ 231,031	.77
1990	198,080	11,426	186,654	89,455	165,763	255,218	.73
1991	521,256 (i)	12,224	509,032	421,485 (i)	176,302	597,787	.85
1992	277,018 (j)	12,979	264,039	146,388 (j)	184,577	330,965	.80
1993	272,645 (k)	14,651	257,994	328,676 (k)	172,455	501,131	.51
1994	329,589 (l)	18,429	311,160	793,354 (l)	149,209	942,563	.33
1995	220,268 (m)	16,446	203,822	226,107 (m)	121,482	347,589	.59
1996	360,854 (n)	174,136	186,718	173,146 (n)	129,502	302,648	.62
1997	162,470	9,970	152,500	194,067	132,541	326,608	.47
1998	291,916	174,521	117,395	387,165	145,732	532,897	.22
Illinois Rural Bond Bank -							
1992 (o)	$ 1,343	$ 700	$ 643	$ 95	$ 279	$ 374	1.72
1993	1,917	535	1,382	630	1,384	2,014	.69
1994	2,528	642	1,886	1,135	1,730	2,865	.66
1995	3,068	564	2,504	1,325	2,455	3,780	.66
1996	3,338	511	2,827	1,875	2,932	4,807	.59
1997	3,940	730	3,210	2,130	3,469	5,599	.57
1998	5,966	1,016	4,950	2,975	4,410	7,385	.67

(a) The Commission advance refunded their previously issued bonds in January, 1990. The amount of the proceeds utilized for refunding was $27,570

(b) The Commission redeemed $33.2 million of principal with bond proceeds in February, 1991.

(c) The Commission redeemed $58.69 million of principal with bond proceeds in January, 1992.

(d) The Commission redeemed $68.27 million of principal with bond proceeds in December, 1992.

(e) The Commission redeemed $135.86 million of principal with bond proceeds in February, 199

(f) The Commission redeemed $49.695 million of principal with bond proceeds in February, 199

(g) The Commission redeemed $49.9 million of principal with bond proceeds in February, 199

(i) The Authority advance refunded their previously issued bonds throughout the year. The amount of th proceeds used for refunding was $301,737

(j) The Authority advance refunded their previously issued bonds throughout the year. The amount of th proceeds used for refunding was $58,75

(k) The Authority redeemed $58.005 million of principal with bond proceeds throughout the year. In addition, th Authority used $4.241 million from the sale of mortgage loan receivables to redeem previously issued bonds

(l) The Authority redeemed $146.645 million of principal with bond proceeds throughout the year

(m) The Authority redeemed $57.625 million of principal with bond proceeds in November, 199

(n) The Authority redeemed $32.44 million of principal with bond proceeds in November, 199

(o) First year the Bank issued revenue bonds

(p) The Commission redeemed $68.0 million of principal with bond issuance proceeds of $23.7 million in February, 1997 and $44.3 million in May, 1997.

(q) The Authority issued $148.3 million of revenue bonds in October, 1996 to current refund $144.3 million of revenue bonds.

(r) The Commission redeemed $19.3 million of principal with bond issuance proceeds of $19.3 million in February 1998

State of Illinois

Revenue Bond Coverage *

University and College

For the Last Ten Fiscal Years (Expressed In Thousands Except Coverage Data)

Fiscal Year	Revenues/ Other Additions	Expenditures/ Other Deductions	Net Revenue/ Additions Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1989	$ 270,353	$ 244,188	$ 26,165	$ 19,667	$ 11,470	$ 31,137	0.84
1990	304,535	262,707	41,828	20,358	12,078	32,436	1.29
1991	313,066	253,813	59,253	20,031	22,233	42,264	1.40
1992	336,807	272,979	63,828	20,160	26,176	46,336	1.38
1993	413,427	345,794	67,633	19,323	27,546	46,869	1.44
1994	361,832	295,495	66,337	21,600	27,224	48,824	1.36
1995	362,303	291,301	71,002	21,495	29,232	50,727	1.40
1996	457,926	383,897	74,029	25,059	28,754	53,813	1.38
1997	787,489	685,854	101,635	28,161	32,229	60,390	1.68
1998	833,590	720,247	113,343	32,520	39,139	71,659	1.58

* Chicago State, Eastern, Northeastern, Western, Illinois State, Northern, Southern Illinois, and the University of Illinois. The above amounts do not include student tuition and fees which are generally available, if necessary, to cover bond debt service requirements. The tuition and fees amounts, if included, would significantly increase debt service coverage.

State of Illinois

Population by Age Group

	ILLINOIS			
	1980	Percent	1990	Percent
Under 5 years	842,324	7.4 %	848,141	7.4 %
5 -19 years	2,836,273	24.8	2,451,088	21.5
20 - 44 years	4,221,949	37.0	4,553,416	39.8
45 - 64 years	2,264,972	19.8	2,141,412	18.7
65 years and over	1,261,911	11.0	1,436,545	12.6
Total	11,427,429	100.0 %	11,430,602	100.0 %

	UNITED STATES			
	1980	Percent	1990	Percent
Under 5 years	16,298,350	7.2 %	18,354,443	7.4 %
5 - 19 years	56,117,954	24.8	56,976,857	22.9
20 - 44 years	84,112,743	37.1	95,765,733	38.5
45 - 64 years	44,518,372	19.6	46,371,009	18.6
65 years and over	25,498,386	11.3	31,241,831	12.6
Total	226,545,805	100.0 %	248,709,873	100.0 %

Sources: ***Illinois Bureau of the Budget, Current Population Reports: Local Population Estimates, Series P-26, August, 1987.***

Illinois Bureau of the Budget, Current Population Reports: Population Estimates and Projections, Series P-25, July, 1988.

Illinois Bureau of the Budget, Data From 1990 Census, Summary Tape File 1, July, 1991.

State of Illinois

Total Personal Income

For the Last Ten Fiscal Years

Year	Amount (millions)	Percent Change	Per Capita Personal Income	
			Illinois	United States
1989	$ 214,841	6.73 %	$ 18,862	$ 17,728
1990	227,480	5.88	19,937	18,741
1991	238,535	4.86	20,868	19,568
1992	249,348	4.53	21,649	20,152
1993	263,419	5.64	22,707	20,985
1994	274,623	4.25	23,522	21,712
1995	291,660	6.20	24,849	22,733
1996	306,140	4.96	25,956	23,687
1997	323,729	5.75	27,330	24,866
1998	340,324	5.13	28,609	25,935

Source: ***Survey of Current Business, U.S. Department of Commerce***

State of Illinois

Employment/Unemployed

For the Last Ten Fiscal Years

Year	Total Employment	Unemployment Unemployed	Unemployment Rate (Percent)
1989	5,551,272	366,641	6.2
1990	5,604,308	363,019	6.1
1991	5,531,998	390,504	6.6
1992	5,500,050	476,793	8.0
1993	5,540,375	440,613	7.4
1994*	5,597,790	397,880	6.6
1995*	5,709,305	315,202	5.2
1996*	5,761,819	322,292	5.3
1997*	5,810,505	302,012	4.9
1998*	5,874,335	281,216	4.6

* Due to changes in the employment survey, the results of the employment survey beginning in 1994 and after are not comparable to earlier reports.

Source: U.S. Department of Labor, Bureau of Labor Statistics Employment and Earnings.

State of Illinois

Employment by Industry

For the Last Ten Fiscal Years (Expressed In Thousands)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Mining	21	20	19	18	17	15	14	13	12	12
Construction	209	218	213	200	197	206	214	220	229	239
Manufacturing	981	988	965	921	928	944	958	965	970	979
Transportation and Public Utilities	302	307	307	302	307	314	321	328	336	340
Wholesale and Retail Trade	1,271	1,263	1,259	1,240	1,238	1,262	1,301	1,309	1,316	1,333
Finance, Insurance and Real Estate	370	375	380	376	381	390	385	385	392	405
Services	1,269	1,326	1,357	1,385	1,437	1,487	1,547	1,612	1,664	1,713
Government	743	755	770	773	775	777	795	803	808	806
Total	5,166	5,252	5,270	5,215	5,280	5,395	5,535	5,635	5,727	5,827

Source: U.S. Department of Labor.

State of Illinois

Contracts for Future Construction And Residential Building Activity

For the Last Ten Fiscal Years

Year	Contracts For Future Construction (millions)	Residential Building Activity Permits	Residential Building Activity Valuation (millions)
1989	$ 10,700	47,440	$ 3,982
1990	11,800	41,070	3,696
1991	8,923	32,367	3,008
1992	10,026	37,358	3,582
1993	10,851	40,381	3,882
1994	11,041	47,168	4,891
1995	11,182	48,506	4,918
1996	11,556	49,304	4,915
1997	11,666	49,248	5,128
1998	11,850	45,576	5,398

Sources: ***Dodge Division, McGraw Hill Information System Co.***

U.S. Department of Commerce, Housing Units Authorized by Building Permits.

State of Illinois

Sales of All Retail Stores Annual

For the Last Ten Fiscal Years (Expressed In Millions)

Year	Illinois*	Percent of Change Illinois*	Percent of Change United States
1989	$ 80,967	4.4	6.6
1990	86,235	6.5	6.0
1991	90,390	4.8	2.3
1992	91,792	1.6	2.3
1993	93,777	2.2	6.0
1994	97,313	3.8	7.3
1995	101,481	4.3	6.7
1996	107,867	6.2	4.9
1997	110,779	2.7	4.2
1998	116,793	5.4	4.8

* The U.S. Department of Commerce has discontinued their monthly state retail sales series. Fiscal years 1996, 1997 and 1998 were estimated by the Department of Commerce & Community Affairs based on sales tax collections from the Illinois Department of Revenue.

Source: ***Illinois Department of Commerce & Community Affairs***

State of Illinois

Cash Receipts from Farm Marketings

For the Last Ten Calendar Years (Expressed in Millions)

	Livestock					Crops					
Year	Cattle	Hogs	Dairy Products	Other Livestock and Products	Total Livestock and Products	Corn	Soybeans	Wheat	Other Crops	Total Crops	Total Livestock and Crops
1988	$ 812	$ 1,024	$ 338	$ 70	$ 2,244	$ 1,795	$ 1,982	$ 213	$ 227	$ 4,217	$ 6,461
1989	791	984	365	108	2,248	1,992	1,820	372	274	4,458	6,706
1990	802	1,206	357	112	2,477	2,768	2,059	259	375	5,461	7,938
1991	740	1,172	339	93	2,344	2,681	1,958	125	401	5,165	7,509
1992	708	1,037	332	89	2,166	2,493	2,104	178	495	5,270	7,436
1993	704	1,112	318	100	2,234	2,893	2,378	170	475	5,916	8,150
1994	671	943	335	101	2,050	2,849	2,385	180	482	5,896	7,946
1995	622	899	303	101	1,925	3,410	2,448	251	470	6,579	8,504
1996	550	1,055	345	113	2,063	3,274	2,534	170	475	6,453	8,516
1997	513	1,011	311	102	1,937	3,524	3,107	214	494	7,339	9,276
1998 *											

*** Information unavailable**

Source: Agricultural Outlook, U.S. Department of Agriculture

State of Illinois

Largest Manufacturers
(Ranked by Number of Employees)

Company	Number of Employees	Number of Illinois Installations
Caterpillar, Inc.	20,960	10
Abbott Laboratories	12,700	3
Motorola, Inc.	8,425	11
Ford Motor Company	5,088	2
Olin Corporation	4,450	3
Mitsubishi Motor Mfg., Inc.	4,200	1
Chrysler Corporation	3,750	1
Kraft USA	3,380	5
Donnelley & Sons Co.	3,325	4
3 Com Corp	3,300	2
Maytag	3,286	2
Honeywell Inc.	3,200	2
John Deere	3,140	4
World Color Press	3,040	4
Granite City Steel	3,000	1
Sundstrand Aerospace	2,800	1
ADM Co.	2,710	8
Northrop Grumman Corp.	2,600	1
General Electric	2,575	5
General Motors	2,500	1
Baxter Healthcare Corp.	2,500	1
Ingersoll	2,485	3
Nabisco Inc.	2,400	1
Zenith Electronics Corp.	2,400	2
Bridgestone/Firestone	2,155	2

Source: Illinois' Manufacturer's Directory, 1998 (latest statistics available).

State of Illinois

Bituminous Coal Production Annual
For the Last Ten Calendar Years (Expressed in Thousands of Tons)

Year	Surface	Underground	Total	Percent Total of U.S.
1989	19,603	40,528	60,131	6.2 %
1990	18,646	43,011	61,657	6.0
1991	15,903	44,132	60,035	6.1
1992	12,848	47,484	60,332	6.2
1993	7,937	34,207	42,144	4.5
1994	9,246	44,781	54,027	5.3
1995	6,878	42,659	49,537	4.0
1996	7,600	39,700	47,300	4.5
1997	6,300	35,000	41,300	3.8
1998 ***a***	2,400	17,300	19,700	3.6

a - through June

Source: Illinois Department of Natural Resources.

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SERVICE EFFORTS AND ACCOMPLISHMENTS (SEA)

Following are service efforts and accomplishments (SEA) reports on individual agency programs and activities. These reports are organized and color-coded by GAAP expenditure function, which include the following:

Health and Social Services - expenditures to promote the physical and mental well-being of all citizens and social and rehabilitative services to assist disabled or underprivileged individuals to become self-supporting;

Education - expenditures for the elementary, secondary, and post-secondary education provided to all children and available to all adults of the State;

General Government - expenditures associated with the administration of State functions not classified elsewhere;

Transportation - expenditures for programs to develop, construct, and maintain the State's network of highways, waterways, airways, and mass transportation facilities;

Social Assistance - income assistance expenditures to those individuals unable to meet their basic maintenance needs due to unemployment, underemployment or inability to work;

Public Protection and Justice - expenditures for the State's effort to safeguard citizens, including regulation of industry, licensing of professions, law enforcement protection, and the judicial and penal systems; and

Natural Resources and Recreation - expenditures to improve the quality of the environment and to develop land within the State to be used as recreational areas.

Each expenditure function includes reports for one or more specific agencies within that function. The agency reports include a brief narrative followed by one or more data pages. The narrative may describe and comment on the agency's performance, its performance indicators and data, or both.

Most of the data presented was prepared and submitted by the agencies themselves. The Office of the Comptroller consulted with agencies, as necessary, to clarify and refine the information or data submitted. In a limited number of instances, identifiable external sources such as federal reports, various state reports, audit reports, or other published material were used as sources for data or information.

It should be noted that none of the source measurement data has been subject to audit processes. It is the intention of the Office of the Comptroller that none of the SEA information presented falls within the scope of the audit opinion applicable to the traditional financial presentations contained in this CAFR.

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Mission and Organization

Two-thirds of the Department on Aging's (DoA) total budget is the Community Care Program (CCP). This program was established in 1979 to provide in-home and community-based care to at-risk seniors. CCP includes case management services, homemaker services, adult day care, senior companion services, and numerous demonstration projects that attempt to maintain the independence of the older adult. The homemaker services program provides laundry, meal preparation, cleaning, and other services to seniors in their own homes. The adult day care arranges for meals and activities outside of the home. Case coordination units provide seniors with complete case management and education for seniors and their families on the various options open to them.

One important element of case coordination is its role in Choices for Care in Illinois, a statewide, universal pre-admission screening program. Choices for Care is designed to help older citizens make informed choices about their need for care before entering a nursing home. State law now requires that screenings occur before anyone is admitted to a nursing home in Illinois. The Department of Human Services screens those who are aged 18-60 and those who are developmentally disabled, while the DoA is responsible for those aged 60 or older.

Discussion of Indicators

Before fiscal year 1997, the DoA screened only those persons who were Medicaid-eligible. With the implementation of Choices for Care in Illinois, the number of screenings conducted by the Department more than tripled, growing to 62,747 in fiscal year 1997 from around 14,500 in fiscal year 1996. In fiscal year 1998, the screenings conducted totaled 69,746, which is the sum of face-to-face, non-face-to-face, and number of clients deflected into interim CCP services.

The DoA's case coordination activities include a screening program that is administered through contracts with a network of 44 'case coordination' service providers throughout Illinois. The assessments result in a DON (Determination of Need) score for each individual based on a variety of factors. A minimum of 29 points is required to indicate a need for admission to a nursing home, while the average score for DoA's caseload was about 47. If the screening process reveals that the senior is not eligible, the case manager informs individuals and their families of subsidized and private-pay community care options that are available in lieu of nursing home services.

A person who is Medicaid-eligible and chooses community care options over admission to a nursing home is counted as a 'deflection.' The cost of the alternative care that they receive is then compared to the average costs of a Medicaid-funded long-term care facility.

The Choices for Care in Illinois screening program has been a cost-effective approach to identifying care choices that preserve independence without compromising care delivery. The SEA report reveals the total monthly and yearly savings of the program to federal, state, and individual parties of $1.6 million and $18.8 million, respectively. A recent Auditor General's review of the program estimated the state cost-savings to be around $2.8 million in fiscal year 1997, when compared with Medicaid long-term care.

There are, however, issues that need to be kept in mind when reviewing this program. As the DoA has noted in its own analysis of Choices for Care in Illinois, the availability of community-based care would influence the number of deflections. For example, someone who qualified for admission to a long-term care facility may have been willing to accept alternative care, but was unable to because of specific gaps in home and community-based services.

Service efforts and accomplishments reporting is more than just a bureaucratic or academic exercise. Society is struggling with how it will provide for an aging population or manage the costs of long-term care. The DoA and the Community Care Program are working to address these and related questions. SEA reporting should help both the Department and its managers generate the necessary information to indicate how well their efforts are providing some of the answers.

Community Care Program

	Fiscal Year 1997 Actual	Fiscal Year 1998 Target	Fiscal Year 1998 Actual
		(Dollars in Millions)	
Inputs			
CCP budget appropriations	$ 131.4	$ 146.5	$ 143.7
Total units expended (CCP)	15,066,720.7	16,721,880.2	16,410,723.4
Percent of CCP budget			
Homemaker service	82.09 %	82.35 %	82.35 %
Adult day care	6.71 %	6.49 %	6.49 %
Case coordination units	11.20 %	11.16 %	11.16 %
Outputs			
CCP average monthly caseload	32,906	35,000	34,784
Clients served	394,869	420,000	417,418
Percent of clients on medicaid	31.2 %	33.0 %	33.0 %
Units of service			
Homemaker service	12,598,821.2	13,982,888.8	13,800,683.4
Adult day care	1,927,827.0	2,139,509.1	2,034,040.0
Case coordination units	540,072.5	599,402.3	576,000.0
Outcomes			
Percent of CCP screens			
Face-to-face	96.14 %	97.00 %	97.52 %
Non-face-to-face	3.86 %	3.00 %	2.48 %
Number of clients deflected into interim CCP services	4,792	6,612	6,612
Deflections into CCP	741	788	783
Efficiency/ Cost Effectiveness			
Individuals in CCP vs. nursing home			
Monthly savings	$ 1.4	$ 1.5	$ 1.6
Yearly savings	$ 16.6	$ 17.6	$ 18.8

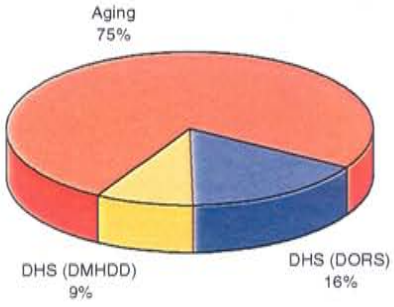
Explanatory Information

1. The following represent key demographics and statistics for the service area for each of the years involved:

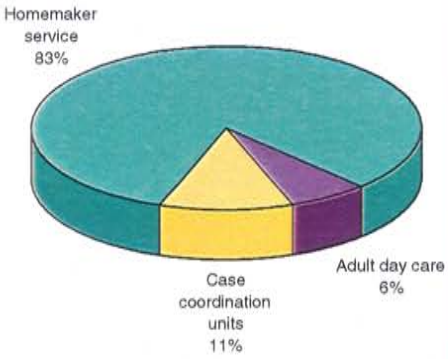
IDoA total budget	$ 195,464,100	$ 221,406,600	$ 215,030,600
60+ population in Illinois	1,921,125	1,918,297	1,918,297
Average DON score	47.26	47.27	47.27

   DON stands for Determination of Need. The minimum number necessary to indicate a need for admission to a nursing home is 29. 110 represents the highest amount of need. The Average DON score represents the average scored for the CCP caseload.
2. Total Units Expended (CCP) and Units of Service are both measures of hours of service.
3. Number of clients deflected into interim CCP services reflects cases where the client faces immediate placement in a nursing home, so to prevent this they are provided with temporary CCP services while their case is being reviewed.
4. The Monthly and Yearly Savings is for federal, state, and individual party. This figure is calculated by subtracting the cost of deflections into CCP from the estimated costs in Medicaid nursing homes. The CCP average monthly cost of care was $323.71 in FY 97 and $344.27 in FY 98. Average monthly cost of a medicaid nursing home was $2,190 for FY 97 and $2,349 for FY 98.

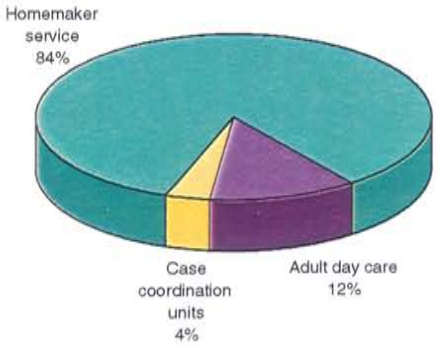
Screenings by Agency FY 1997



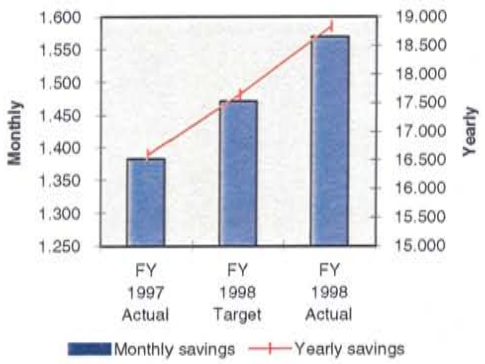
CCP Budget FY 1998 Actual



Units of Service Provided (Measured in Hours) FY 1998 Actual



Federal, State, and Individual Party Savings for Individuals in CCP vs. Nursing Home
(Millions of Dollars)



Mission and Organization

Established in 1964, the Department of Children and Family Services (DCFS) became the first cabinet-level state agency in the country expressly dedicated to serving children and families. With more than 4,200 employees, the Department is comprised of several divisions charged with protecting and promoting the welfare of children; providing services to children and their families to maintain family structure and prevent unnecessary separation of children from their families; providing adequate substitute care of children when removal from the home is necessary; and placing children in suitable permanent homes when restoration to the biological family is not possible or appropriate.

Most of the time, services provided to children and their families result from calls to the statewide Child Abuse and Neglect Hotline. When a hotline call is received, a determination is made as to whether the report warrants further investigation. If this is the case, the result is a family report that is followed up by a Child Protection Investigator (about 19 percent of hot line calls result in a family report). In approximately 30 percent of these cases, the investigator finds credible evidence that there was abuse or neglect (indicated report).

If the child is not in immediate danger and a determination is made that it is in the best interest of the child to remain in the home, the Department begins efforts to stabilize and preserve the family. Children at immediate risk are removed from the home and placed in substitute care (e.g., a foster or relative home). The courts, DCFS, and outside experts then make an assessment and formulate a plan for a permanent solution such as reunification with the family, adoption, or private guardianship.

Discussion of Indicators

Over the last ten fiscal years spending by the Department from appropriated funds rocketed from $339 million to $1.3 billion, an increase of 284 percent or nearly four times faster than overall state spending. DCFS spending from the General Revenue Fund (the State's main operating fund) jumped 235 percent compared to statewide growth of 65 percent. Most of this growth in spending occurred following the B. H. Consent Decree in December 1991. That Decree called for a dramatic re-engineering of the Department's activities and placed DCFS squarely in the public spotlight. The resulting exposure helped heighten public awareness of child abuse and neglect.

The increase in public awareness is clearly evident in the growth of hotline calls and the disposition of those calls over the last ten years. Between 1989 and the peak in 1995, hotline calls, family reports and indicated reports increased dramatically before falling over the last three years.

However, the considerable decline in these indicators since 1995 does not necessarily say anything about the Department's ability to protect children, but may well be indirect evidence that Department and societal prevention efforts are having the desired effect. Further evidence that prevention efforts may be having a positive effect can be found in the fact that DCFS fell short of its forecasts for fiscal year 1998. In this specific case, receiving fewer hotline calls and investigating fewer cases of abuse and neglect than originally expected is a positive sign.

DCFS collects numerous other measures of protective service outputs and outcomes, some of which have been included for reference. Many of these indicators have also been moving in the right direction for several years.

If DCFS has to get involved in the life of a family, the Department's preference is to keep the children in the home whenever possible and to serve the family intact. When the decision is made to serve a family intact, there is an expectation that the Department's services will allow that family to remain together while providing a safe environment for children. DCFS collects and tabulates a number of outcome measures that provide a context for its Family Maintenance activities. Examples of these measures are presented on the data page and indicate a growing success rate over the last several years.

When children are removed from the home, they are placed in the substitute care system. Here the Department has two objectives: to place children in as homelike an environment as possible, and to achieve

permanency as quickly as possible. The preferred form of permanency is reunification with the family.

Substitute care includes foster care, residential placement in an institution or group home, and independent living. It is not intended as a permanent living arrangement, but as a means of protecting and nurturing the child while a permanent living arrangement is being pursued. Over the last ten fiscal years, the substitute care caseloads have followed much the same pattern as protective service caseloads — rising 109 percent between 1991 and 1995, with slower growth in 1996 and 1997 before falling in 1998. The largest component of substitute care is relative care, which is over 50 percent of the total. This component accounted for the majority of the total growth over the period, jumping 161 percent.

Through various legislative initiatives, improved computer systems, better training for DCFS and private agency child protection workers, and changes in its own policies and procedures, the Department has sought to stem the growth in the number of children entering the substitute care system while providing adequate protection for the victims of child abuse and neglect. The results of those efforts are evident in the numbers, particularly for residential placements — the most costly form of substitute care. Departmental reforms that improved the targeting of those services have resulted in a considerable drop in residential placements and the dollar savings noted in the table.

Another major objective of the Department is to minimize the amount of time children spend in substitute care. To this end, considerable effort is put into developing permanent living arrangements, including reunification with the child's family, adoption, and assumption of guardianship by a relative or foster parent.

Legislative changes, increased efforts on the part of DCFS and community groups, and changes in DCFS policies and procedures have led to a dramatic increase in the number of adoptions since 1993. After showing little change over the previous several years, the number of new finalized adoptions jumped from just under 1,000 in 1993 to 4,293 in fiscal year 1998. This explosive growth is reflected in the increase in total subsidized adoptions to 15,696 at the end of fiscal year 1998.

In some cases, particularly those involving relatives, guardianship is preferred to adoption. However, while nearly all adopted children qualify for some kind of state assistance, until very recently, state assistance ended when a relative care giver or foster parent assumed guardianship. In 1997, a new dimension was added to the guardianship option. At that time, Illinois and a handful of other states began a demonstration project with the Federal government whereby the states were granted waivers allowing them to offer subsidized guardianship to eligible families. Subsidized guardianship is expected to help relieve the financial strain and encourage the movement of more children to a permanent living arrangement. Evidence of this potential can be found in the establishment of 1,445 subsidized guardianships by the end of fiscal year 1998, the first full year of the program.

DCFS is a prime example of information overload. The agency collects data on many more output and outcome indicators than were included in this report. The challenge lies in deciding which measures present the most complete and accurate picture.

In terms of cost-effectiveness measures, the Department provided several good examples showing cost savings from its activities. While this is valuable information, more is needed to describe inputs and efficiencies.

Input measures might include the number of employees in each of the four major functional areas as well as information about employees in ancillary functions. Since DCFS has privatized major portions of its activities, information on outside agency workers might also be helpful.

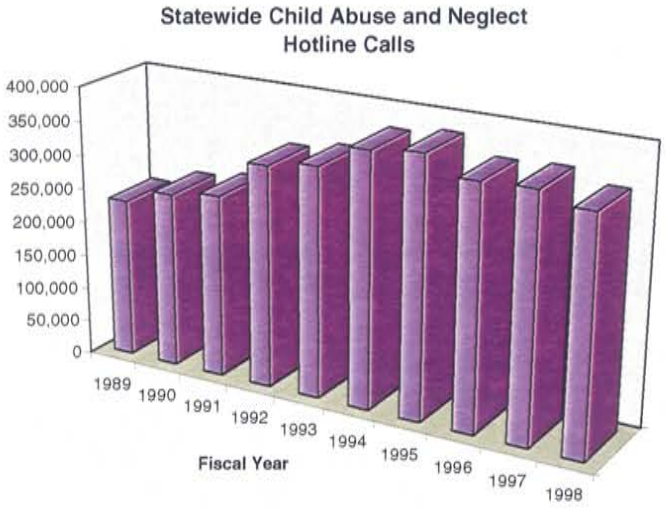
Efficiency measures might include a more detailed description of the cost per type of case. The availability of more input information would make possible the calculation of additional efficiency measures. Including more measures would likely require more explanatory notes, but would also add to the completeness of the report.

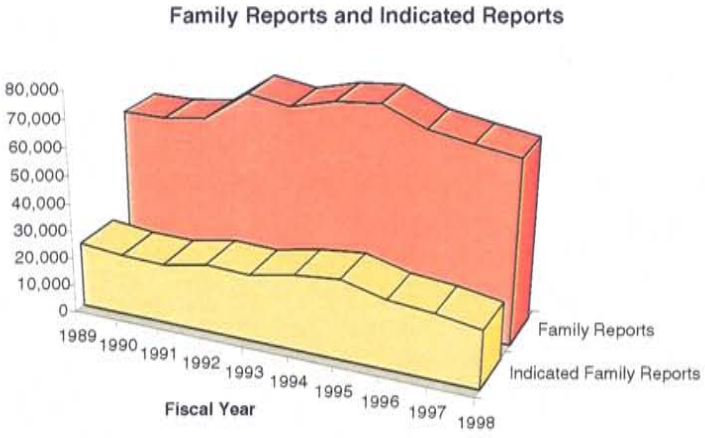
Protective Services

	1994 Fiscal Year	1995 Fiscal Year	1996 Fiscal Year	1997 Fiscal Year	1998 Fiscal Year
			(Dollars in Millions)		
Inputs (General Revenue Fund and DCFS Children Services Fund only)					
Budget expenditures	N/A	N/A	N/A	$ 91.249	$ 93.693
Average # of investigators	N/A	N/A	N/A	541	524
Outputs					
Hotline calls	369,309	377,467	352,629	355,579	339,649
Family reports resulting from hotline calls	75,525	77,084	70,740	68,121	65,870
Number of CA/N reports	N/A	139,720	125,220	119,442	113,951
Number of substantiated CA/N reports	N/A	53,270	44,536	41,954	36,793
Outcomes					
Indicated reports	27,025	28,719	24,609	23,243	20,784
% of hotline calls resulting in a family report	20.5 %	20.4 %	20.1 %	19.2 %	19.4 %
% of family reports indicated	35.8 %	37.3 %	34.8 %	34.1 %	31.6 %
% of CA/N investigations initiated within 24 hours	97.6 %	98.7 %	99.5 %	99.2 %	99.1 %
% of CA/N investigations completed within 60 days	82.4 %	87.9 %	95.5 %	95.1 %	92.2 %
% of investigations completed not overdue	86.2 %	92.6 %	98.8 %	98.1 %	96.2 %
% of child victims with no new indicated CA/N report in 6 months	86.5 %	86.1 %	88.6 %	89.3 %	89.0 %
Efficiency/ Cost Effectiveness					
Investigations per worker per month	N/A	N/A	N/A	10.4	10.4

Explanatory Information

1. Hotline calls are calls to the Statewide Child Abuse and Neglect Hotline.
2. Family reports equal individual cases that a hotline worker determines merit investigation by a child protection investigator.
3. Indicated reports are those investigations where a child protection investigator determines abuse or neglect did take place.
4. CA/N: Child abuse and neglect.





Family Maintenance

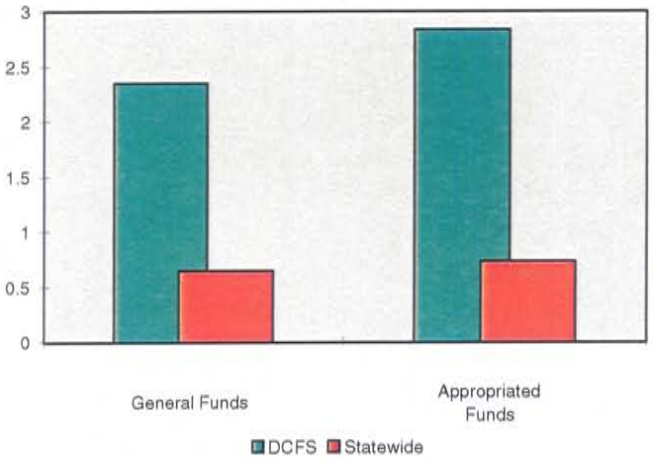
	1994 Fiscal Year	1995 Fiscal Year	1996 Fiscal Year	1997 Fiscal Year	1998 Fiscal Year
			(Dollars in Millions)		
Inputs (General Revenue Fund and DCFS Children Services Fund only)					
Budget expenditures	N/A	N/A	N/A	$ 69.970	$ 72.968
Outputs					
Intact families served (Total unduplicated annual)	N/A	N/A	N/A	21,456	17,980
Intact family caseload (End of year)	N/A	14,565	13,782	12,350	9,746
Intact family cases opened over 12 months	N/A	N/A	N/A	N/A	2,377
Outcomes					
Intact family cases closed	N/A	N/A	N/A	15,105	14,597
Families with no paid services for at least 12 months	N/A	N/A	N/A	957	619
% of intact family cases closed at least 6 months	89.6	89.4	91.2	92.1	N/A*
% of family cases opened intact remaining intact at least 6 months	90.1	92.1	94.1	94.7	N/A*
% of family cases opened as intact families	71.8	77.3	85.9	85.8	79.1
Efficiency/ Cost Effectiveness	None reported				

Explanatory Information

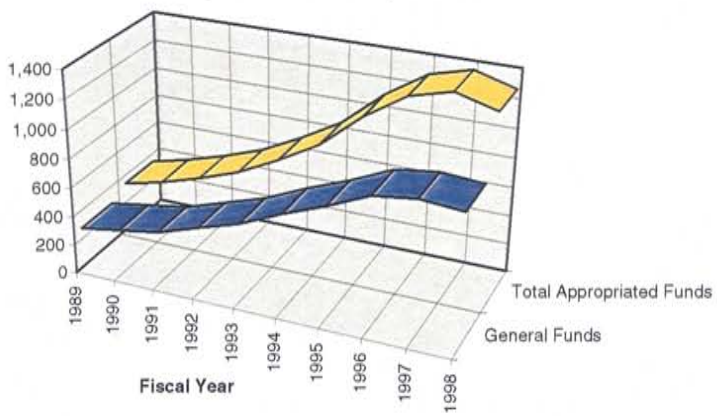
Intact family cases are those where abuse or neglect has been indicated, but the children remain in the home. Services are provided to help maintain the family and prevent further occurrences of abuse or neglect.

* This data will not be available until at least 6 months after the close of fiscal year 1998 (January 1999).

Statewide vs. DCFS Expenditures Percent Change FY1989-FY1998



DCFS Analysis of Expenditures (Dollars in Millions)



Family Reunification and Substitute Care

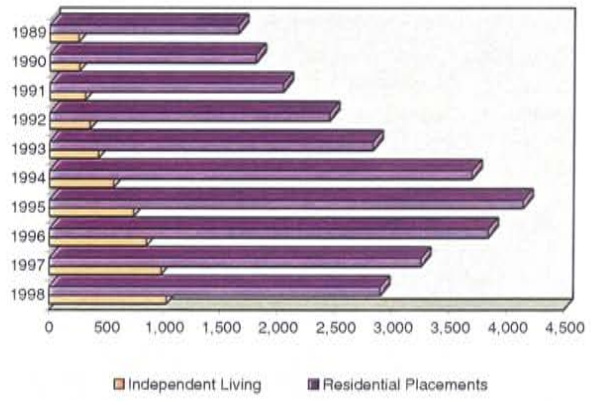
	1997 Fiscal Year Actual	1998 Fiscal Year Target	1998 Fiscal Year Actual
		(Dollars in Millions)	
Inputs (General Revenue Fund and DCFS Children Services Fund only)			
Budget appropriations/expenditures	$ 996.299	$ 1,020.203	$ 982.745
Outputs			
Children with "return home" goal	13,957	n/a	12,256
Substitute Care			
Children in regular foster care	11,491	11,382	11,288
Children in specialized foster care	7,357	6,750	6,790
Children in relative care	27,629	25,472	24,088
Total Foster Care	46,477	43,604	42,166
Children in residential placements	3,258	2,840	2,901
Children in independent living	981	1,115	1,029
Total Substitute Care	4,239	3,955	3,930
Outcomes			
Children reunified	5,002	5,377	4,551
Residential out-of-state population	325	150	189
Child cases closed	9,318	10,850	11,606
Children moved from residential to less intensive settings	2,564	2,300	2,186
Efficiency/ Cost Effectiveness			
Est. reduction in spending due to movement of children to less intensive settings (A)	$ 124.862	$ 114.919	$ 109.223
Annualized savings from reunification of families (B)	$ 44.466	$ 49.235	$ 41.672

Explanatory Information

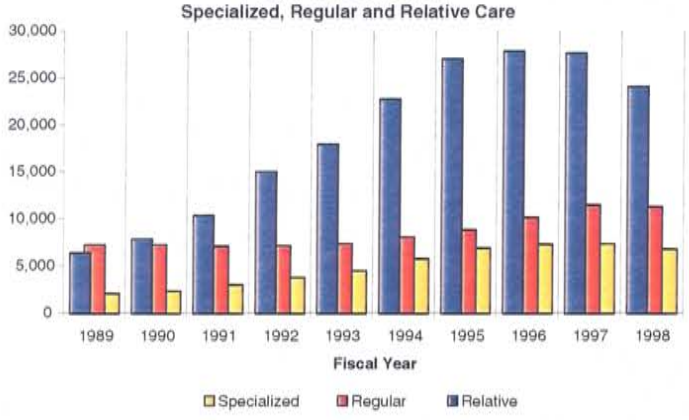
(A) Savings assumes differences between average daily rate of $203.99 for Residential Care and $67.10. for Specialized Foster Care in FY1998. $202.60 and $60.18 respectively for FY1997.

(B) Savings assume average monthly cost of care of $740.81 for FY1997 and $763.05 for FY1998.

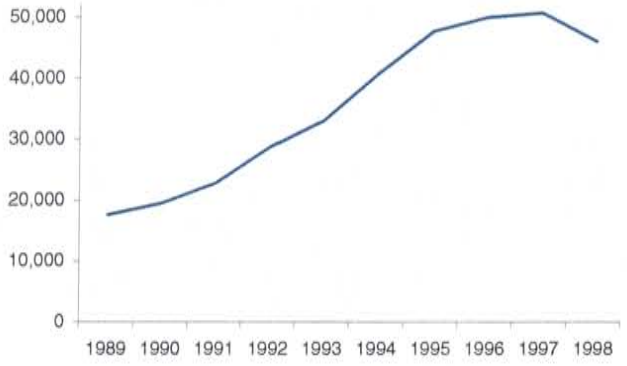
Substitute Care
Independent Living vs. Residential Placement



SUBSTITUTE CARE:
Foster Care Caseload
Specialized, Regular and Relative Care



Total Substitute Care Caseload



Adoption and Guardianship

	1997 Fiscal Year Actual	1998 Fiscal Year Target	1998 Fiscal Year Actual
	(Dollars in Millions except Efficiency/Cost Effectiveness)		
Inputs (General Revenue Fund and DCFS Children Services Fund only)			
Budget appropriations/expenditures	$ 70.753	$ 91.355	$ 89.770
Outputs			
Children freed for adoption	1,862	N/A	3,333
Outcomes			
Children newly adopted	2,229	3,700	4,293
Children new guardianships	186	600	1,301
Total children in subsidized adoptions (End of year)	11,377	14,597	15,696
Total children in subsidized guardianships (End of year)	186	787	1,445
Efficiency/ Cost Effectiveness			
Estimated savings from movement of children from substitute care to adoption or subsidized guardianship:			
Administrative service fees*	$ 4,392		$ 4,524
Children newly adopted (1)	$ 9,789,768	$ 16,738,800	$ 19,421,532
Children new guardianships (2)	$ 816,912	$ 2,714,400	$ 5,885,724
Total children in subsidized adoptions (End of year) (3)	$ 49,967,784	$ 66,036,828	$ 71,008,704
Total children in subsidized guardianships (End of year) (4)	$ 816,912	$ 3,560,388	$ 6,537,180

Explanatory Information

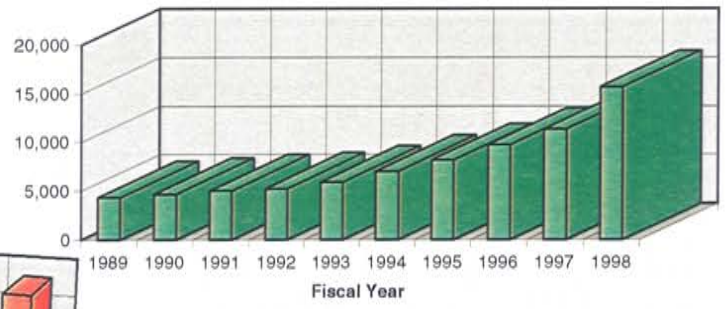
A child must be freed for adoption before a court can transfer parental rights and responsibilities to the adoptive family. Children moved to guardianship may be freed for adoption, but that is not legally required.

* Monthly savings in administrative service fees is $366.00 in FY1997 and $377.00 in FY1998.

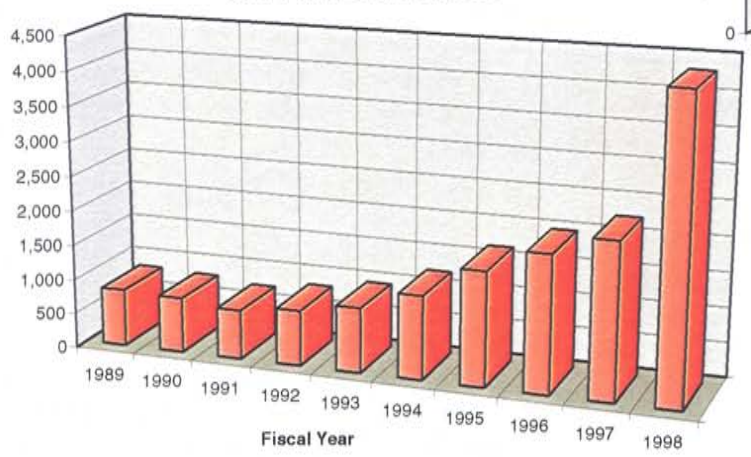
(1) & (2) are one-year savings from that fiscal year's new adoptions and guardianships.

(3) & (4) are annual savings from all subsidized adoptions & guardianships.

Subsidized Adoptions (End of Year)



New Finalized Adoptions



Mission and Organization

In Illinois, the State Board of Education is charged with setting the guidelines for achieving academic success in public elementary and secondary classrooms. Numerous factors play a role in the ultimate goal of enabling children to achieve their fullest potential within the public education setting in Illinois. A review of many of these factors, be they inputs such as monetary and human resources, outputs such as dropout and attendance rates or outcomes such as test scores, may provide insight into the successes and failures of the public education delivery system.

Discussion of Indicators

The supply of basic resources (inputs) infused into the delivery system for public education include funding, student enrollment, school districts and the number of schools within districts, and human resources such as administrators and teachers.

Certainly the most basic of resources is funding which totaled $14.319 billion from all sources for the school year 1997-98, an increase of $3.903 billion or 37.5 percent over school year 1992-93. On average school funding has increased by $781 million or 7.5 percent over each of the last five fiscal years.

This level of funding supports an education system inhabited by 1,951,998 students in the 1997-98 school year, an increase of 116,258 or 6.3 percent since the 1992-93 school year. Guidance for the nearly two million public school students in Illinois is provided by 7,339 administrators and 116,574 teachers throughout the 898 school districts with 3,864 schools.

Examples of outputs of the elementary and secondary education system include dropout rates, student attendance rates, number and rate of chronic truancy, and graduation rates. The graduation rate of 81.8 percent and the attendance rate of 93.9 percent for school year 1997-98 are at the highest levels over the last six school years. The dropout rate of 6.2 percent is at its lowest level over the same period. As far as truancy, the number of chronic truants is at its highest level over the six-year period; however, the rate of chronic truancy has remained fairly steady as student enrollment has increased.

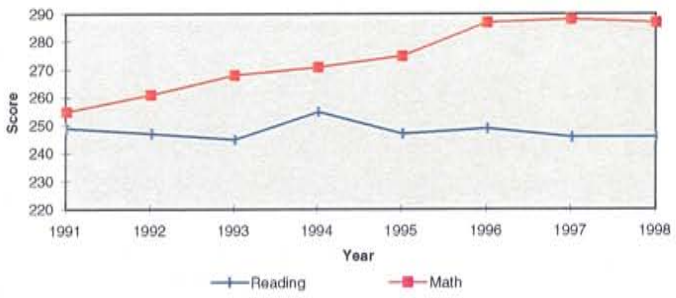
Despite the substantial amount of resources dedicated to public education, few indicators as to the impact (outcome) of this investment exist. Obviously, the most important outcome indicators are the academic and social achievement levels of students - how well has the educational system prepared students and how competitive are there achievement levels with other states and nations. One example of an outcome is IGAP (Illinois Goals Assessment Program) test scores. IGAP data reveals that student performance in math appears to be progressing; however, reading scores have not fared as well. For all grade levels tested, reading scores have remained relatively steady or declined since 1991 while math scores have increased significantly.

For the 1998-99 school year, student assessment will be conducted using the Illinois Standards Achievement Test (ISAT). Test results for high school students will become part of a student's permanent record, while elementary students' test results will become part of their temporary record. One of the drawbacks of IGAP testing is the possibility that students did not take the testing seriously since there were no consequences for poor performance. By placing test results on a student's record, the hope is that more students will take the test seriously, thus giving educators a better picture of student performance. One consequence of a change in testing (from IGAP to ISAT) is that trend or year-to-year comparisons will be unavailable, at least for the immediate future.

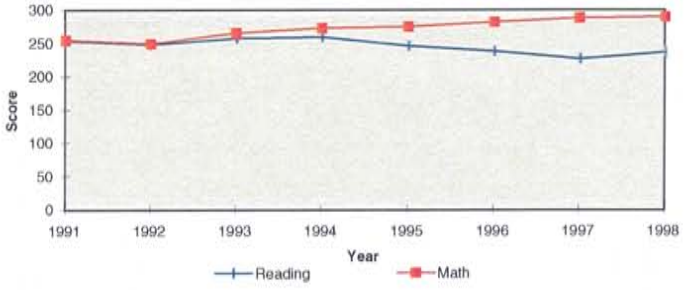
No efficiency measures for elementary and secondary education were reported. For a major function of government such as educating the children of our state, a look at the efficiency or cost effectiveness of the system could provide valuable insight into why scholastic achievement is lagging in certain areas such as reading. Beyond this specific example, however, the question of the relationship between resources provided and educational performance remains one of the most intensely debated and still unresolved issues in the area of education policy.

	School Year					
	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
	(Dollars in Billions)					
Inputs						
Education revenues						
State	$ 3.475	$ 3.612	$ 3.793	$ 3.995	$ 4.307	$ 4.849
Local	$ 6.078	$ 6.453	$ 6.841	$ 7.340	$ 7.701	$ 8.052
Federal	$ 0.863	$ 0.901	$ 1.080	$ 1.123	$ 1.153	$ 1.418
Total	$ 10.416	$ 10.966	$ 11.714	$ 12.458	$ 13.161	$ 14.319
Public school enrollment	1,835,740	1,854,222	1,880,376	1,906,599	1,931,871	1,951,998
Public school administrators	6,854	6,777	6,924	7,089	7,210	7,339
Public school teachers	106,970	106,461	108,557	111,279	113,965	116,574
Number of public schools	3,875	3,874	3,825	3,821	3,836	3,864
Number of public school districts	929	922	913	905	903	898
Outputs						
Dropout rate	6.2 %	7.0 %	6.8 %	6.5 %	6.4 %	6.2 %
Attendance rate	93.4 %	93.2 %	93.4 %	93.5 %	93.8 %	93.9 %
Chronic truancy rate	2.2 %	2.4 %	2.4 %	2.3 %	2.3 %	2.3 %
Number of chronic truants	38,599	42,314	43,666	42,974	42,546	43,167
Graduation rate	81.4 %	78.0 %	80.7 %	80.5 %	81.6 %	81.8 %
Outcomes	See below					
Efficiency/ Cost Effectiveness	None reported					

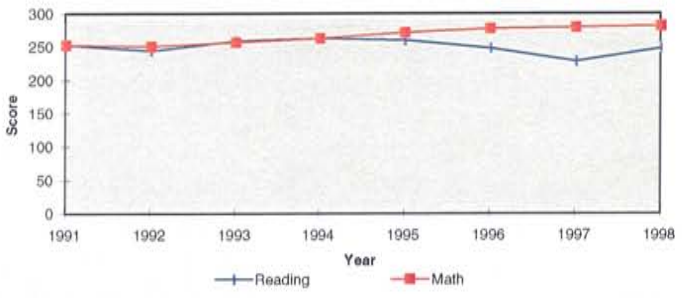
State Mean IGAP Scores for Third Grade



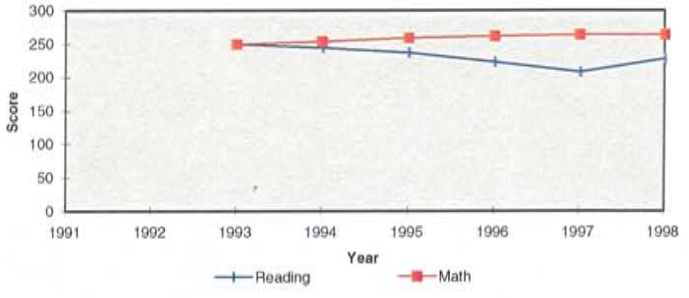
State Mean IGAP Scores for Eighth Grade



State Mean IGAP Scores for Sixth Grade



State Mean IGAP Scores for Tenth Grade



Mission and Organization

Illinois' higher education system consists of 181 degree-granting institutions, of which 12 are public universities, 49 are community colleges, 100 are private, non-profit universities and colleges, and 20 are proprietary schools. In addition to degree and certificate programs, these institutions deliver programs of developmental and remedial instruction, continuing education, personal enrichment, technical or vocational training, and a variety of other services.

In a functional area like higher education, there is a major issue in state-level service efforts and accomplishments (SEA) reporting which requires much more consideration, debate, and experimentation. The issue is whether state-level SEA reporting should focus on the aggregate data of the state's educational system, individual institutions, or the state's governing body (the Board of Higher Education).

It can be argued that aggregate data on the educational system taken as a whole tend to mask significant differences at individual institutions. Therefore, as part of this year's experimentation, this report includes both aggregate higher education data and data from one individual institution, Southern Illinois University (SIU). Along with SIU, six other higher education institutions, the Board of Higher Education, and two ancillary groups reported their SEA data to the Comptroller this year. Examples of inputs, outputs, outcomes, and efficiencies varied widely among participating institutions. The SEA report submitted by SIU was the most thought-provoking and complete report submitted this year. It will be used not only as an example or illustration this year, but also as a possible model or guideline for higher education institutions in future years. This report has been reproduced and included exactly as submitted by SIU.

Discussion of Indicators

The most basic input measured into the aggregate higher education system is state funding. General Funds appropriations of $2.071 billion in fiscal year 1998 is $427 million or 26.0 percent higher than fiscal year 1994 appropriations of $1.644 billion. One outcome of higher education in Illinois is students enrolled. During fiscal year 1998, total enrollment of 728,805 students was 11,380 or 1.5 percent below fiscal year 1994. Since 1994, enrollments have declined at Illinois' universities (down 2.6 percent) and community colleges (down 2.9 percent) while enrollments at private institutions increased by 2.3 percent.

An example of an outcome of higher education is the number of degrees and certificates earned. In fiscal year 1997, 123,406 degrees and certificates were granted. One measure of an educational system's efficiency is its cost per credit hour (cost per unit of output). As the accompanying table indicates, Illinois' higher education system tracks these costs at four different levels. The 'Lower Division' represents freshmen and sophomores while the 'Upper Division' represents juniors and seniors. The 'Graduate I' level represents those with a bachelor's degree working on a master's degree, while 'Graduate II' are those with a master's degree and working on a higher degree. In every instance, unit costs increased from both 1995 to 1996 and from 1996 to 1997.

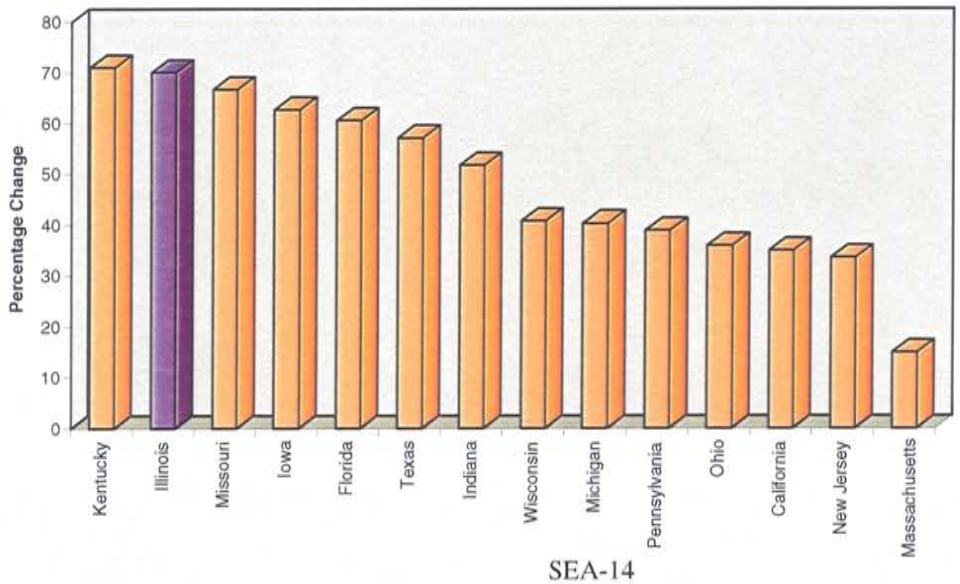
Accompanying SEA reports from the SIU campuses of Carbondale and Edwardsville serve as prime examples of measuring service efforts and accomplishments. The reports include the goals, priorities, and accomplishments of the respective campuses. Expenditure data are broken down by function (i.e., instruction, research, etc.), source of funding, and includes staff years dedicated to the specific function. Additionally, enrollment and degrees conferred are broken out by concentration of study (i.e. agriculture, business, etc.) and level of study (i.e., undergraduate, graduate, or professional).

It is through this type of reporting that the reader can gain an understanding of the mission of the institution, resource allocation, and its effectiveness at achieving stated goals. For example, the reader can see that more than half ($99.7 million out of $197.7 million) of the total expenditures at SIU-Carbondale are for instruction and over one-third (174,735 out of 514,424) of credit hours taught are for liberal arts study. On the same note, it can be determined that 72 percent of 1996 graduates at SIU-Edwardsville are employed full-time and 7 percent are not employed but seeking employment. Also, of those same graduates, 58 percent are employed in Illinois and 36 percent are employed in Missouri, while 23 percent of the group is continuing their education on at least a part-time basis. Comparable, detailed data such as this can provide a basis for more sophisticated analyses within individual institutions, as well as meaningful comparisons between institutions in the higher education system.

Higher Education

	1994 Fiscal Year	1995 Fiscal Year	1996 Fiscal Year	1997 Fiscal Year	1998 Fiscal Year
			(Dollars in Millions)		
Inputs					
General funds appropriations	1,643.8	1,747.1	1,840.6	1,953.1	2,071.1
Instructional spending at public universities	816.1	876.2	928.1	965.7	N/R
Outputs					
Fall enrollments					
Public universities	197,377	194,489	192,532	192,319	192,022
Community colleges	354,717	346,979	337,716	340,151	344,556
Private institutions	188,091	189,059	191,327	192,345	192,227
Total enrollment	740,185	730,527	721,575	724,815	728,805
Outcomes					
Number of degrees and certificates conferred					
Associate	27,015	27,484	27,006	26,455	N/R
Certificates	13,115	13,148	12,391	12,004	N/R
Baccalaureate	52,391	52,213	52,076	52,360	N/R
Master's degrees	23,999	23,731	25,342	25,519	N/R
First professional	4,314	4,360	4,576	4,404	N/R
Doctorates	2,571	2,835	2,556	2,664	N/R
Total	123,405	123,771	123,947	123,406	N/R
Efficiency/ Cost Effectiveness					
Instructional costs per credit hour					
Lower divsion	N/R	$134.38	$140.24	$148.45	N/R
Upper division	N/R	$201.75	$213.09	$221.36	N/R
Graduate I	N/R	$360.04	$372.83	$383.09	N/R
Graduate II	N/R	$515.70	$546.32	$576.49	N/R

Ten Year Change in Higher Education State Tax Appropriations



STATE OF ILLINOIS
OFFICE OF THE COMPTROLLER
Service Efforts and Accomplishments (SEA)
Year Ending June 30, 1998

Agency: Southern Illinois University
Funds: GR/Income Fund/Non-Appropriated
Major Function: Higher Education
Sub-Function/Program: Southern Illinois University Carbondale

Input Indicators: *

Focus Statement:

Southern Illinois University Carbondale offers a full range of baccalaureate programs, is committed to graduate education through the doctoral degree, and gives high priority to research. It receives substantial federal support for research and development and annually awards a significant number of doctoral degrees balanced among selected liberal arts and sciences disciplines and professional programs. In addition to pursuing statewide goals and priorities, Southern Illinois University Carbondale:

- strives to develop the professional, social, and leadership skills expected of college students and to improve student retention and achievement.
- supports the economic, social, and cultural development of southern Illinois through appropriate undergraduate, graduate, and professional education and research.
- develops partnerships with communities, businesses, and other colleges and universities, and develops utilization of telecommunications technologies.
- cultivates and sustains a commitment in research and instruction to problems and policy issues related to the region and the state's natural resources and environment.
- strives to meet the health care needs of central and southern Illinois through appropriate health-related programs, services, and public health policy; and
- cultivates and sustains diversity through a commitment to multiculturalism, including international programming.

FY 1998 Expenditures*:

Functions	GR/ IF Expenditures<1>	GR/ IF Staff Years<2>	All Funds Expenditures	All Funds Staff Years
Instruction	$99,707,540	2,040.30	108,467,890	2,152.45
Organized Research	12,680,200	250.17	35,793,410	637.51
Public Service	9,442,620	172.56	26,474,310	459.26
Academic Support	20,518,340	398.71	48,992,460	1,039.06
Student Services	7,120,790	164.97	38,270,170	349.26
Institutional Support	22,204,490	451.16	25,449,150	493.73
O&M of Physical Plant	26,048,520	383.08	44,663,640	559.19
Independ. Operations			18,865,100	389.55
Total Expenditures	**$197,722,500**	**3,860.95**	**$346,976,130**	**6,080.01**
Unexpended/Lapsed Income Funds:	$1,663,152			
Total Appropriations	**$199,385,652**			
GR Appropriation	**$140,071,900**			
Income Fund	**$59,313,752**			
Total Appropriation & Income Fund	**$199,385,652**			

<1> GR = General Revenue and Educational Assistance funds appropriated by the IL General Assembly with gubernatorial approval. I F = Income Funds which are generated from tuition revenue, LAC Fees, and Off Campus Degree Programs (Cost Recovery) program delivery and tuition overhead.

<2> A Staff Year is a measure of staff effort over a twelve-month period.

* Source: FY 2000 RAMP

Output Indicators:

	Undergraduate	Graduate	Professional
FY 1998 Unduplicated Headcount Enrollment:	**17,481**	**4,971**	**648**
FY 1998 Credit Hours Taught:	**514,424**	**70,375**	**27,618**
Agriculture	17,661	2,238	4
Applied Sciences and Arts	78,439	230	0
Business	34,077	4,873	93
Education	85,501	29,379	24
Engineering	28,118	2,822	0
Graduate	0	29	0
Law	62	27	74
Liberal Arts	174,735	18,970	10,926
Mass Communication and Media Arts	20,172	2,136	57
Medicine	3,471	1,985	16,431
Science	70,423	7,615	9
University General	1,765	71	0

Output Indicators (continued)

Services Provided, Work Produced:

Southern Illinois University Carbondale is the largest campus of SIU, offering more than 100 degree programs to a student population that totals about 22,000. SIUC provides for the betterment of the lives of our students, of society, of the environment, and of the citizens of the state, especially those in the 22 counties that constitute southern Illinois. SIUC is the region's largest employer, and with the exception of the University of Illinois, SIUC receives more money for research and service than any other public university in the state. SIUC accommodates statewide goals and priorities established by the IBHE by focusing its efforts on the points listed in its Focus Statement (See Input Indicators).

Major Goals and Accomplishments:

Enhance Technology Infrastructure: more residence halls connected to be able to access the Internet.

Distance Learning Support: by extending the campus fiber optic network, library resources are more readily available to the distance learning program and the regional-consortia institutions via the distance learning television network; multimedia support.

Center for Advanced Friction Studies: funding was used to match the support received from the National Science Foundation and from the State of Illinois to fund a cooperative research center, the purposes of which are to focus on topics in engineering and science and to address technology development relevant to the economic development of the State.

Coal Research Center: funding for coal research had been ongoing for a number of years. However, during FY 98 effort was expended to prepare grant applications to the State of Illinois. These efforts resulted in grants being funded for FY99 by DCCA.

Student Recruitment and Retention: increased support was given for recruitment activities and to assist students having academic problems in selected courses in the University Core Curriculum and in selected requested courses.

The Public Policy Center was launched and a number of national and international symposia have been delivered.

Plans have been submitted for approval to enhance Mass Communication and Media Arts internship programs in Hollywood and Chicago which acquaint students with various dimensions of the entertainment industry; for a Center for Excellence for Soybean Research, Teaching and Outreach; for a new doctoral program in Environmental Resources and Policy; for an Aquaculture Research and Demonstration Center; and for additional staff for the Center for Rural Health and Social Service Development.

Outcome Indicators:

FY 1998 Graduates	Undergraduate	Graduate	Professional
Agriculture	257	38	
Applied Sciences and Arts	393 A.A. and 820 B.S.		
Business	392	102	
Education	1,283	361	
Engineering	416	48	
Law			112
Liberal Arts	875	225	
Mass Communication and Media Arts	222	31	
Medicine		3	65
Science	237	18	
Total	**4,895**	**826**	**177**

Fall 1991 Full-Time New Freshmen Six Years Later

Graduated	36.91%
Still Pursuing Degree at SIUC	4.71%
Transferred to Another Public Illinois Institution	35.78%
Not Enrolled in an Illinois Public Institution	22.60%

FY 98 External Expenditures:	$48,905,250
Instruction	8,760,350
Research	23,113,210
Public Service	17,031,690

FY 98 New External Funds:	$45,341,813.00
Training	6,656,638
Research	22,843,966
Other	15,841,209

Efficiency/Cost Effectiveness Indicators:

FY 98 Student to Faculty Ratio 18:1

For FY 98, SIUC internally reallocated $2,065,500 for the PQP initiative. Since the inception of PQP, SIUC has internally reallocated nearly $30 million and has abolished 16 associate in applied science, 14 baccalaureate, 17 master's, 6 doctoral, and three specialist degrees, one minor, 15 specializations, and 23 concentrations.

Explanatory Information:

The format and information included represent the efforts of the short-time the institution has had available to put together what was determined to be the core requirements of the regulation (99-002). Between the time of submission and the time of the meeting with Office of the Comptroller personnel, SIUC will have developed a more complete format to be shared for possible inclusion in the final guidelines and regulations.

STATE OF ILLINOIS
OFFICE OF THE COMPTROLLER
Service Efforts and Accomplishments (SEA)
Year Ending June 30, 1998

Agency: Southern Illinois University
Major Function: Higher Education
Fund(s): General Revenue and Income Funds
Sub-Function/Program: Southern Illinois University Edwardsville

Input Indicators * (Resources Applied)

FY98 Total Appropriation and Income Fund ($1,000's)	$79,541.6

FY98 Expenditures ($1,000's) and Staff Years	Expenditures	Staff Years**
Instruction	$39,890.2	775.8
Organized Research	$907.3	21.0
Public Service	$4,088.1	85.4
Academic Support	$9,332.0	196.0
Student Services	$3,028.2	73.9
Institutional Support	$10,049.3	195.4
O&M of Physical Plant	$11,713.8	159.2
Unexpended/Lapsed Funds	$532.7	

* Source: RAMP
** One person working full-time for one year equals 1.00 staff years. (Student workers are included.)

Output Indicators (Services Provided, Work Produced)

Southern Illinois University Edwardsville serves traditional college-aged undergraduate students, with many commuting from the surrounding area as well as older, part-time, and minority students. The campus offers a balance of instruction, research, and public service programs consonant with its role as the only public university in southwestern Illinois. Southern Illinois University Edwardsville also administers the School of Dental Medicine at Alton and operates a center in East St. Louis. In addition to pursuing statewide goals and priorities, Southern Illinois University Edwardsville:

- Offers undergraduate programs and masters programs encompassing instruction in education, social services, business, engineering, and the health professions in order to improve the quality of life, economy, health care, and environment in the greater St. Louis metropolitan area;

	Undergraduate	Graduate	Dental Medicine
FY98 Students Served (Unduplicated Headcount)	10,455	3,775	211
Credit Hours Taught During FY98			
Education	33,080	15,390	
Nursing	7,819	1,396	
Dentistry			NA
Engineering	11,759	2,111	
Business	31,839	6,610	
Arts and Sciences	145411	10,213	

- emphasizes graduate-level programs that prepare practitioners and professionals in those fields that are particularly relevant to addressing the social, economic, and health-care needs of the regions;
- focuses off-campus programs in southwestern Illinois, except in fields such as nursing in which the University is distinctly positioned to offer off-campus completion programs for the entire southern Illinois area; and
- addresses the need for dentists in the central and southern regions of the state through its School of Dental Medicine.

Outcome Indicators **(Results Achieved)**

FY98 Graduates:	Undergraduate	Graduate	Dental Medicine
Education	373	291	
Nurses	151	48	
Dentists			56
Engineers	122	44	
Business	246	116	
Arts and Sciences	548	150	

1996 Graduates One-Year After Graduating:	
Employed Full-Time	72%
Employed Part-Time	17%
Not Employed, But Seeking Employment	7%
Not Employed and Not Seeking Employment	4%
Employed in Illinois	58%
Employed in Missouri	36%
Employed Outside Illinois and Missouri	7%
Continuing Education Since Degree (Full or Part Time)	23%

Outcome Indicators (continued)

	Very Well	Adequately	Inadequately
Felt Bachelor's Degree Prepared Them for Job	27%	59%	14%
Felt Bachelor's Degree Prepared Them for Additional Education	36%	56%	8%

Fall 1991 Full-Time New Freshmen Six Years Later:

Graduates	32%
Still Pursuing Degree at SIUE	8%
Transferred to Another Illinois Public Institution	35%
Not Enrolled at an Illinois Public Institution	25%

Over the past decade two-thirds to three-fourths of new freshmen have returned during the second year.

Established Nurse Practitioner Program (MS) and Master of Social Work Program to meet regional needs.

Accredited Programs: Business, Accountancy, Education, Nursing, Nurse Anesthesia, Engineering, Dental Medicine, Public Administration, Social Work, Music, Chemistry, Art Therapy (accrediting agencies do not exist for most programs in the arts and sciences)

FY98 External Funding:	($1,000's)
Instruction	$1,570.9
Research	$1,375.6
Public Service	$13,292.0

Efficiency/Cost Effectiveness Indicators (cost per unit of output or outcome)

Student Faculty Ratio, Fall 1997 — 14.88 FTE Students per 1.00 FTE Faculty

	Undergraduate	**Graduate**
FY98 Direct Instruction Cost Per Credit Hour	$58.86	$122.80
FY98 Total Instructional Costs Per Credit Hour (Total Costs less O&M Physical Plant)	$178.74	$325.57
FY97 Total Instruct'l Costs Per Credit Hour Compared to State Average	106%	98%

Expanded Inter and Intra-campus Collaborative Opportunities

Expanded Public and Private Partnerships

Explanatory Information (clarification of specific performance indicators)

Although most SIUE graduates complete their baccalaureate degrees in four, five, or six years, over 15 percent of SIUE graduates originally matriculated ten or more years earlier. Part time students may persist for years to complete their degrees.

Mission and Organization

The Comptroller is the chief fiscal control officer for Illinois' $38.1 billion budget. The Comptroller processes vouchers and other payment and receipt documents, maintains the State's financial accounts, issues state warrants (checks), and provides financial information to the public. Additional Comptroller's responsibilities include auditing cemetery and burial trust fund monies and serving as the repository for local government financial reports.

Fiscal year 1998 was the first year in operation of the Statewide Accounting Management System (SAMS), replacing the CUSAS system, which had served the Comptroller's Office since July 1, 1974. Designed to make the State's central accounting system year 2000 compliant, the new accounting system established a platform for electronic commerce to reduce paper payments and an Internet-based electronic information warehouse to provide universal access to state fiscal information.

Discussion of Indicators

To a large extent, the Comptroller's Office is a production operation. Vouchers and contracts submitted by state agencies are converted by the Comptroller's Office into warrants (checks) for payment to vendors and state employees. While ordinary expenditures to operate the office have grown modestly over the past ten years, increased automation has allowed services to be provided with a reduced employment level. During the ten fiscal years between 1989 and 1998, Comptroller's Office ordinary expenditures increased 24.3 percent from $18.9 million to $23.5 million. Meanwhile, end of fiscal year Comptroller's Office employment has declined from 400 as of June 30, 1994 to 315 as of June 30, 1998.

The new SAMS system has given the Comptroller's Office the opportunity to expand efforts to automate Comptroller's operations. During fiscal year 1998, almost one-quarter of state payments used electronic payment mechanisms, up from 19 percent in fiscal year 1997. Most electronic payments were in payroll related areas including 75 percent of contractual payroll, 61 percent of employee payroll, and 72 percent of retirement benefits. However, through pilot programs, electronic payment techniques are beginning to make inroads into other types of payments accounting for 3 percent of public aid, 3 percent of tax refunds, and 1 percent of commercial voucher payments in fiscal year 1998.

The Comptroller's participation in the electronic benefits initiative for public assistance clients has reaped benefits to the office with a substantial reduction in warrants written. The Illinois Link program has reduced the number of assistance payments from 4.6 million in fiscal year 1997 to 1.6 million in fiscal year 1998, accounting for the 2.5 million decline in total payments by the Comptroller's Office between fiscal years 1997 and 1998. Effective in November 1997, the Illinois Link became the statewide distribution system for cash and food stamp benefits. Instead of receiving a monthly check, income assistance clients now use their Link card to access benefits credited to their account.

Under SAMS, great advances have been made in eliminating paper when agencies submit payment information to the Comptroller's Office. Starting in fiscal year 1998, 57 agencies began the paperless submission of vouchers on tape. As of the end of the fiscal year, 58 percent of voucher transactions were paperless. This allowed a reduction in the number of voucher documents that required manual processing and reduced the cost of such processing by $66 thousand.

Agencies must submit contract information to the Comptroller's Office in order to guarantee sufficient appropriations are obligated to meet the terms of the contract. The Comptroller's Office implemented on-line entry of contract obligations in November of 1997. By the end of the fiscal year, twelve agencies accounting for 74 percent of contract obligation transactions were on-line.

As the repository of state financial information, the Comptroller's Office receives numerous information inquiries. In fiscal year 1998, the Records Center received requests for over 92 thousand items such as copies of documents or issue dates and status of warrants from state agencies, law enforcement agencies, auditing firms, and state vendors as well as the general public. The Expenditure Analysis and Review Section

(EARS) processed almost 17 thousand requests. These were largely for employment verification, but also included special information requests from the media and other state agencies.

Fiscal year 1998 saw a new source of Comptroller's information with the opening of the Information Warehouse, which provides access to SAMS information. During the year, 16 state agencies and 37 external users, as well as numerous Comptroller's employees, had direct access to financial information in the Warehouse through the state's internal computer network. Additionally, hundreds of users each day from the general public use the Internet to access information in the Warehouse through the Comptroller's linc.net web site.

Unpaid debts to the state, such as delinquent taxes, increase the tax burden on the remaining honest citizens. The involuntary withholding section helps to collect outstanding state debts by intercepting vendor payments, seizing income tax refunds, and garnishing state employee wages. Collections were $9.4 million in fiscal year 1998.

A little known Comptroller's responsibility is regulating trust funds (currently totaling more than $675 million) held by funeral homes and cemeteries for preneed and eternal care programs. This involved the issuance of 140 licenses and audit of 839 trust funds during fiscal year 1998.

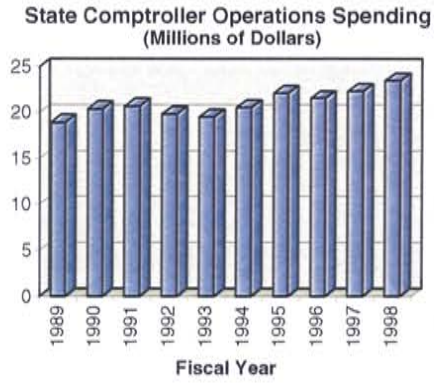
Illinois has more units of local government than any other state. The task of gathering standardized financial information on these units of local government is assigned to the Local Government Division within the Comptroller's Office. In fiscal year 1998, there were 7,255 units of local government that were required to report to this unit.

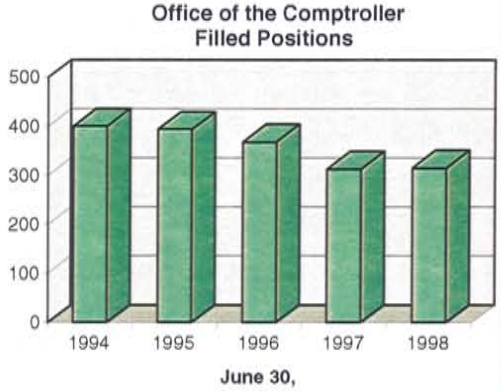
Office of the Comptroller

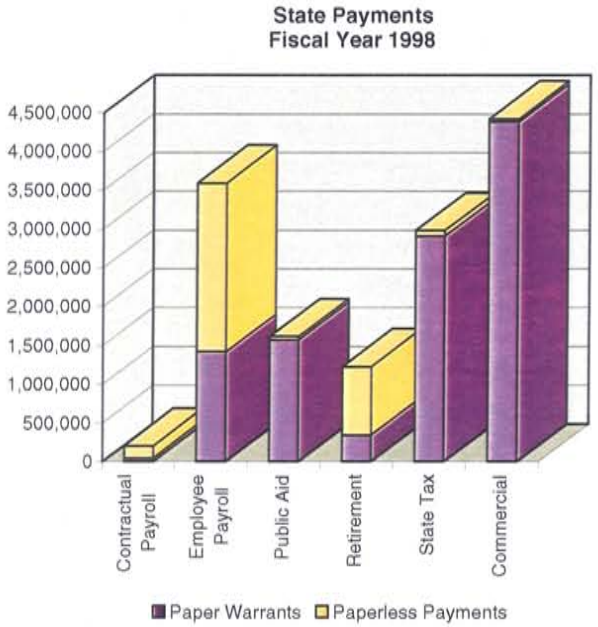
	1997 Fiscal Year	1998 Fiscal Year
	(Dollars in Millions)	
Inputs		
Ordinary expenditures	$ 22.3	$ 23.5
Filled positions	313	315
Outputs		
Vouchers and warrants:		
State payments:	16,564,663	14,042,540
Payroll related	5,148,705	5,025,474
Nonpayroll related	11,415,958	9,017,066
Agencies submitting vouchers in a paperless environment	0	57
Agencies submitting contracts and obligations on-line	0	12
Public inquiries:		
Records center items requested	118,297	92,417
EARS request responses	11,942	16,755
Information warehouse		
Users linked	0	125
Personnel trained	0	198
Other functions:		
Involuntary withholding # of intercepted payments	89,974	81,481
Cemetary care and burial trusts		
Licenses issued	84	140
Audits completed	839	839
Outcomes		
Vouchers and warrants:		
% Paperless payments:	19.0 %	24.1 %
Payroll related	58.9 %	63.9 %
Nonpayroll related	1.0 %	1.8 %
% of paperless voucher submissions as of 6/30	0 %	58 %
% of obligations associated with on-line agencies	0 %	74 %
Other functions:		
Involuntary withholding $'s intercepted	$ 8.477	$ 9.424
Efficiency/ Cost Effectiveness	Not reported	Not reported

Explanatory Information

1. Ordinary expenditures are Comptroller's Office spending for operations excluding state officers salaries and other special payments.
2. Payroll related payments include contractual and regular employee payroll and retirement, while nonpayroll related includes public aid, tax refund, and commercial payments.







Office of the Comptroller

Mission and Organization

The Department of Revenue's (DOR) primary function is to collect taxes for the state and units of local government. In fiscal year 1998, the Department collected $21.5 billion in tax revenues. The Department also has several ancillary functions, including: administering the tax relief and pharmaceutical assistance programs for the elderly and persons with disabilities; oversight of the property tax assessment system and equalization of the level of property tax assessments among Illinois counties; and regulation of riverboat casinos.

Discussion of Indicators

The more efficiently the Department can collect taxes, the greater the portion of tax monies that will be available to fund State programs. Efficiency can be measured by the cost to the Department of collecting each $1,000 in tax revenues. In fiscal year 1998, it cost $6.52 to collect each $1,000 in taxes. Collection costs have declined significantly. For example, in fiscal year 1989 the collection cost was $9.29 per $1,000 in tax collections.

Increased efficiency has been reflected in expanded automation and reduced employment levels. Departmental employment has declined from 3,309 in fiscal year 1986 to 2,874 in fiscal year 1991 and 2,439 in fiscal year 1998.

One example of how the Department has been taking advantage of new opportunities in automation to improve customer service and reduce processing is the program allowing Illinois 1040 filers to file electronically or by telephone. The number of alternative filers has increased from 121,000 in fiscal year 1994 to 615,000 in fiscal year 1998.

Another area where automation has improved Department operations is in the time required to deposit tax revenues. More expeditious deposit of revenues makes tax payments available for investment and spending on a more timely basis. The average number of days to deposit tax revenue has declined from 3.060 in fiscal year 1993 to 1.955 in fiscal year 1998. Electronic payment has played a key role in speeding up the deposit schedule as the value of electronic funds transfers has soared from $200 million in fiscal year 1993 to $7.3 billion in fiscal year 1998.

Illinois has a 'voluntary' tax system, and most taxpayers comply willingly with the tax code. However, some taxpayers fail to abide by the tax laws. This is unfair to honest taxpayers and threatens the integrity of the voluntary tax system. The role of the Department's enforcement activities is to address the delinquent tax issue. In fiscal year 1998, the delinquent tax program had a staff of 322 and direct operating expenses of $16.8 million. The overall value of delinquent tax debt collected has more than doubled during the 1990s - from $147.9 million in fiscal year 1991 to $360.1 million in fiscal year 1998.

The Department tracks several measures of its performance in the collection of delinquent taxes. In fiscal year 1998, $21.45 was collected in delinquent taxes for each direct dollar of collection costs. This was up from $17.63 per each dollar of collection costs in fiscal year 1997. Another indicator is collections per person in the delinquent tax program. In fiscal year 1998 collections averaged $1.1 million for each collections staff member. This was up from $878,300 in fiscal year 1997.

The Department's experience in collecting delinquent taxes is proving of use in dealing with the non-payment of child support problem. Since fiscal year 1996, the Department of Public Aid has been authorized to certify child support arrearages to the DOR, which may utilize delinquent tax collection methods to collect these arrearages. In fiscal year 1998, DOR spending of $576,000 for delinquent child support yielded collections of $12.2 million or $1.1 million per delinquent child support collection staff and $21.17 in collections for each dollar of direct program costs.

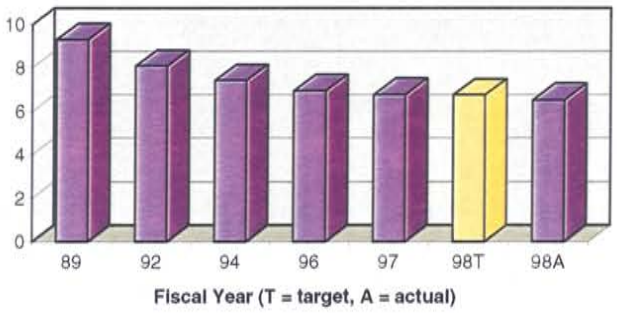
Tax Administration Operations

	1997 Fiscal Year	1998 Target Fiscal Year	1998 Actual Fiscal Year
	(Dollars in Millions, except Efficiency/Cost Effectiveness)		
Inputs			
Budget appropriations	$ 137.3	$ 141.6	$ 141.7
Operating expenses	$ 136.4	$ 141.6	$ 140.5
Personnel (including temporary help)	2,616	2,586	2,561
Outputs			
Tax collections	$ 20,189.8	$ 20,974.0	$ 21,542.0
Electronic funds transfer deposits	$ 6,800.0	$ 7,200.0	$ 7,300.0
IL 1040 returns filed via alternative methods (electronic and phone)	568,911	None Reported	615,077
Outcomes			
Customer satisfaction: % of practioners indicating services improved from prior year	46 %	None Reported	49 %
Efficiency/ Cost Effectiveness			
Cost to collect $1,000 in taxes	$ 6.76	$ 6.75	$ 6.52
Days to deposit tax revenue	1.963	1.945	1.955

Explanatory Information

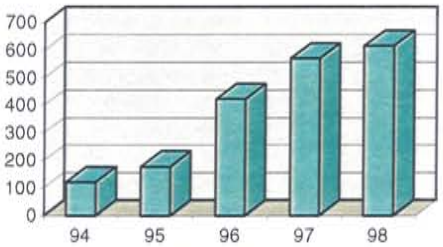
Appropriations and operating expenses consist of agency operations expenditures excluding child support collection program and State Gaming Board expenditures, as well as fund transfers that are counted as operations spending.

Cost to Collect $1,000 in Taxes
(Dollars)



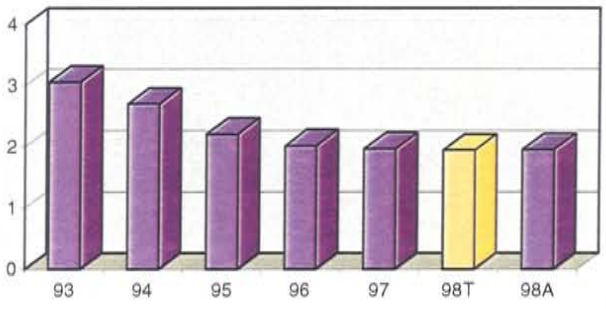
Fiscal Year (T = target, A = actual)

IL 1040's Filed Via Alternative Methods, Electronic and Phone
(Thousands)



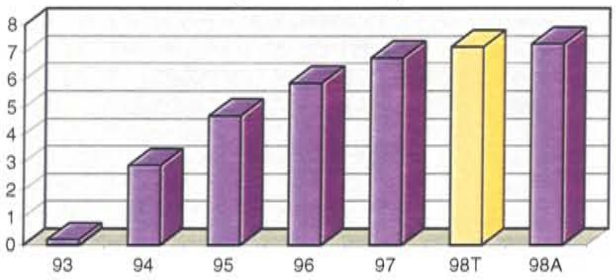
Fiscal Year

Days to Deposit Tax Revenue



Fiscal Year (T = target, A = actual)

Electronic Funds Transfer Deposits
(Billions of Dollars)



Fiscal Year (T = target, A = actual)

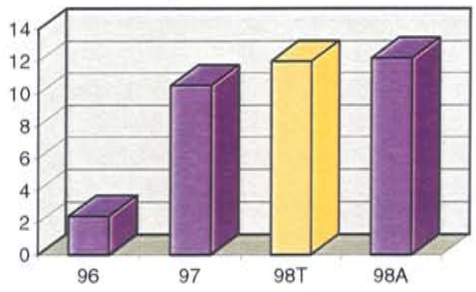
Delinquent Tax and Delinquent Child Support Collections

	1997 Fiscal Year	1998 Target Fiscal Year	1998 Actual Fiscal Year
	(Dollars in Millions, except Efficiency/Cost Effectiveness)		
Inputs			
Delinquent tax collections:			
Budget appropriations	$ 16.1	$ 16.9	$ 16.8
Direct operating expense	$ 16.1	$ 16.9	$ 16.8
Number of personnel	323	327	322
Delinquent child support collections:			
Budget appropriation	$ 0.561	$ 0.559	$ 0.559
Program costs	$ 0.535	$ 0.589	$ 0.576
Number of personnel	11	11	11
Outputs			
Tax cases resolved through hearings and appeals	4,954	None Reported	4,316
Outcomes			
Delinquent tax collections	$ 283.7	$ 292.0	$ 360.1
Delinquent child support collections	$ 10.5	$ 12.0	$ 12.2
Efficiency/ Cost Effectiveness			
Delinquent tax collections:			
Collections per person	$ 878,300	$ 893,000	$ 1,117,500
Collections per direct dollar of cost	$ 17.63	$ 17.25	$ 21.45
Delinquent child support collections:			
Collections per person	$ 958,200	$ 1,090,900	$ 1,106,300
Collections per direct dollar of cost	$ 19.63	$ 20.36	$ 21.17

Explanatory Information

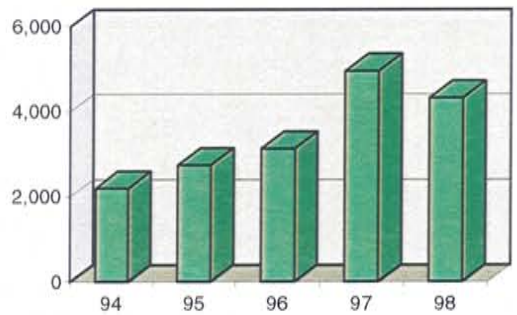
1. Delinquent tax collections includes the direct cost of the Department's delinquent collections bureau from the Department's operations appropriation and costs associated with fees retained from delinquent taxes collected by outside collection agencies that collect on behalf of the Department.
2. Delinquent child support collections program costs include the direct cost of the Department's child support program section, paid from the Child Support Enforcement Trust Fund appropriation, and one employee from the section paid from the General Revenue Fund appropriation who is not included in the budgeted appropriation.

Collection of Delinquent Child Support
(Millions of Dollars)



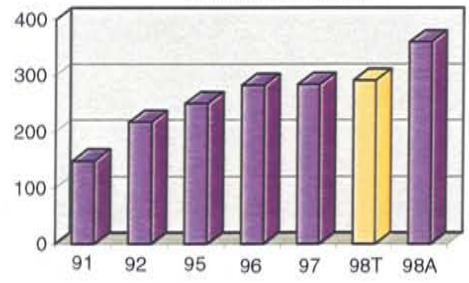
Fiscal Year (T = target, A = actual)

Cases Resolved Through Hearings and Appeals



Fiscal Year

Collection of Delinquent Tax Debt
(Millions of Dollars)



Fiscal Year (T = target, A = actual)

Mission and Organization

The Department of Transportation accounted for almost all of the approximately $2.6 billion spent for transportation-related purposes, with over 80 percent of this spending related to the highway program. With a 138,000-mile network of state and local roads, including approximately 25,000 bridges, Illinois has one of the largest transportation systems in the nation. The Department is responsible for 17,000 miles of roads, including 2,050 miles of interstate roads and over 8,000 bridges. Since the 1980s, the goals of the Department and the highway program have included limiting the system backlog of needed repairs to 2,400 miles and 850 bridges.

Discussion of Indicators

All the indicators provided focus on the condition of the highway system and the factors affecting the goal of limiting the backlog of needed repairs. A major challenge confronting the Department is evident from the input indicators that present motor fuel tax revenue and expenditures in current and constant dollars. The motor fuel tax is an excise or flat tax, currently at 19.3 cents per gallon, and revenues can only grow with an increase in consumption. While motor fuel tax revenues have grown in real terms over the past five years, in constant dollars revenues in fiscal year 1998 are only $3 million higher than fiscal year 1994. This means that when a major revenue source fails to keep pace with inflation, the purchasing power for the Department and local governments may decline. Expenditures in constant dollars are an indicator that attempts to reveal this decline in purchasing power.

The other indicators examine factors that have an impact on the pavement condition and affect the goal. The fact that the backlog of roads and bridges in need of repair has exceeded the goals of the program does not shed any light on the severity of the condition of the roads and bridges. Data on the pavement condition offer more insight to the overall condition of the highway system. It should be noted that the decline in total miles is due to a change in jurisdiction. Local governments want jurisdiction over some roads, but only after the state has improved the condition. Therefore, part of the decrease in total and excellent-rated roads is due to this change in jurisdiction. The additional data on the age of the highways and the number of vehicle miles traveled help to demonstrate the seriousness of the challenges confronting the Department. With more vehicles on the roads and fewer new roads being built, congestion on the highways will increase. The older the roads, the more likely that refurbishing will be required in the future instead of just repairs.

The purpose of service efforts and accomplishments reporting is to help taxpayers and decision-makers better understand their government, the use and benefits of the resources they provide, and the choices that confront them. Because of the importance of the highway system to every citizen and the very real cost of decisions to invest or not invest in that system, the Department could serve itself and the citizenry well if it provided more complete information on current efforts and accomplishments. Indicators should include more than just the number of miles and bridges that were repaired or the level of the backlog. For example, the number of miles of new roads should be included to support the indicator that 98 percent of the program is for maintenance. Including data on congestion or the number of miles refurbished may provide more insight on the problems facing the Department. Other output indicators would provide useful information such as the number of highway construction projects contracted and completed, the amount of land purchased for projects, the number of bridge inspections done, and a breakdown of the types of work on the roads. An indicator reflecting a percent of the highway system rated acceptable based on state or federal guidelines would be informative and could be reasonably understandable. Measures of quality could be included such as the percentage of completed jobs failing to meet quality assurance specifications or ratings from citizen surveys.

While the indicators provided suggest a deterioration in the highway system and the challenges confronting the Department in maintaining the roads, information on how efficiently the Department is providing services is not included. While minimizing the backlog may be the Department's main accomplishment, assuring taxpayers that they are getting the most for their tax dollar is equally important. Additional data such as the cost to repair each lane-mile of road, how this has changed over the years, and how this compares with changes in resources available would complete the picture. Such data would also aid understanding of the overall condition of the highway system and the challenges faced by the Department in its efforts to improve it.

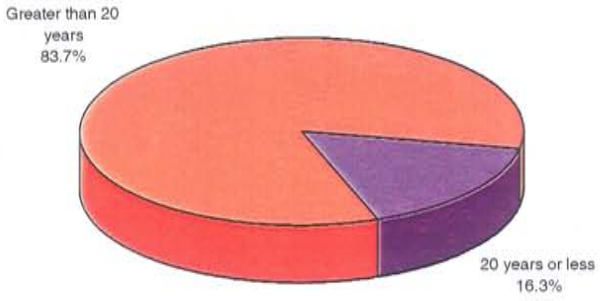
Highway Program

	1994 Fiscal Year	1995 Fiscal Year	1996 Fiscal Year	1997 Fiscal Year	1998 Fiscal Year
			(Dollars in Millions)		
Inputs					
Motor fuel taxes (current dollars)					
Net revenue distributed	$ 1,060	$ 1,089	$ 1,146	$ 1,173	$ 1,178
Distributed to IDOT Funds	$ 629	$ 646	$ 683	$ 697	$ 703
Distributed to local govt's	$ 430	$ 443	$ 463	$ 476	$ 475
Motor fuel taxes (constant dollars)					
Net revenue distributed	$ 1,033	$ 1,032	$ 1,057	$ 1,051	$ 1,036
Distributed to IDOT Funds	$ 613	$ 612	$ 630	$ 625	$ 618
Distributed to local govt's	$ 419	$ 420	$ 427	$ 427	$ 418
Expenditures current dollars	$ 904	$ 996	$ 700	$ 1,000	$ 740
Expenditures constant dollars	$ 878	$ 922	$ 648	$ 901	$ 649
Outputs					
Miles improved	902	1,329	690	1,304	701
Bridges improved	203	219	141	318	315
Outcomes					
Miles backlog	1,969	Not Available	2,223	2,800	2,600
Bridges backlog	948	Not Available	945	1,000	930
Percent of program dedicated to system maintenance	93 %	Not Available	95 %	96 %	98 %
Efficiency/ Cost Effectiveness	None Reported				

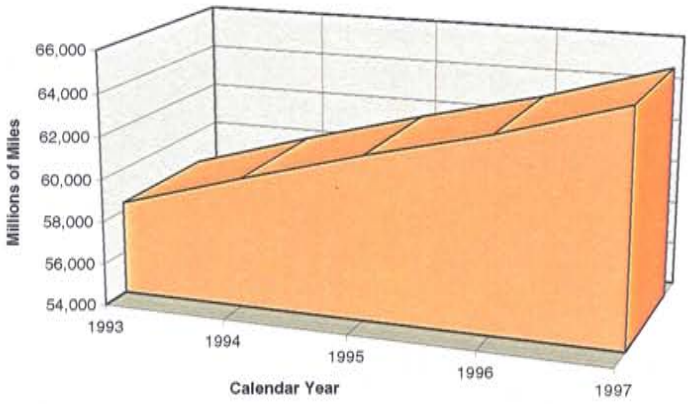
Explanatory Information

The rate of accomplishments was lower in FY 1998 due to the delay by the U.S. Congress in passing the federal reauthorization of the highway assistance program. Totals do not include bridges improved through the Township Bridge assistance program. Constant dollars used 1993 as the base year.

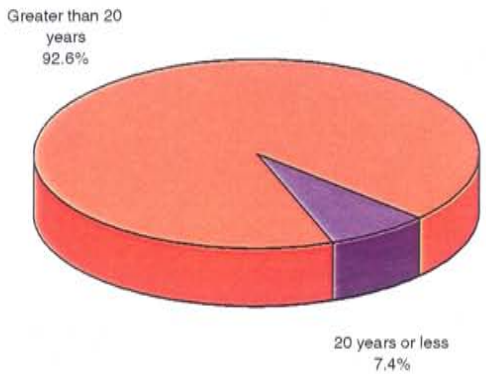
Age of Illinois Interstate System in 1998 (Year Built)



Vehicle Miles of Travel in Illinois



Age of Illinois Non-Interstate System in 1998 (Year Built)



Pavement Condition Mileage

Fiscal Year	Poor	Fair	Good	Excellent	Total
1994	1,741	5,331	4,482	5,099	16,653
1995	1,719	5,402	4,353	5,102	16,576
1996	1,832	5,594	4,463	4,661	16,550
1997	1,590	5,441	4,486	4,992	16,509
1998	1,634	5,476	4,591	4,774	16,475

Mission and Organization

The establishment of the Department of Human Services in July 1997 resulted in a streamlining of the Department of Public Aid to focus on Medicaid administration and child support enforcement. The Child Support Enforcement (CSE) division serves all welfare clients and any other Illinois citizens requesting assistance, helping single parents secure legally mandated child support awards. The division locates non-custodial parents, establishes paternity, obtains child support orders, and collects support due under those orders. These activities suggest some of the basic indicators of the division's performance. Because of federal reporting requirements and standards, the Child Support Enforcement program offers one of the most complete and comprehensive examples of SEA reporting, as well as the possibility of year-to-year and state-to-state comparisons.

Discussion of Indicators

The source of all data in this report, as was the case in last year's report, is *Child Support Enforcement, 21st Annual Report to Congress*, published by the U. S. Department of Health and Human Services. It should additionally be noted that data from the federal report is for the federal fiscal year (FFY) ending September 30, 1996. The Department of Public Aid has more recent data, which would provide a more timely review of current departmental performance. If, however, comparisons with other states and the nation is important or desirable — one purpose of Illinois' SEA experiment — then the federal report for FFY 1996 is the latest national data available.

The Child Support Enforcement program offers an almost unlimited number of potential indicators and measures for consideration. The challenge is selecting the most important, and these are included in the data table. The outputs indicate how many paternities were established, support orders were secured, and absent parents were located. Outcomes summarize the results expected from the program: how much child support was collected and distributed to AFDC and non-AFDC clients; how many families were removed from AFDC rolls as a result of child support received; and how much the AFDC program saved as a result of child support collections. The data table also includes information on how much the Department collects for every administrative dollar it spends, as well as the average amount collected per individual staff.

Because the U. S. Department of Health and Human Services publishes 'box scores' annually for each state and the nation, it must be assumed that the federal government considers these among the most important indicators of performance. Accordingly, this report includes the box scores for Illinois, the six states of federal Region V, and the nation as a whole.

Generally speaking, Illinois was extremely competitive in FFY 96. It significantly outperformed both the region and the nation in child support collections distributed to users of the program's services. In Illinois total collections distributed increased by 13.9 percent over fiscal 1995, compared with 7.2 percent and 11.0 percent for the region and the nation respectively. This performance bested the region and the nation in both the AFDC and non-AFDC subgroups as well. Paternities established increased by 19.1 percent, more than twice both the region and the nation. And while absent parents located increased by 5.7 percent in Illinois, this was less than half the increase for the region and the nation. Illinois' collections per dollar of administrative expenditure (an increase of 8.2 percent) compared favorably with the nation (up 9.5 percent) and significantly exceeded the region's performance (an increase of only 0.8 percent). The only negative indicator in Illinois was support orders established, down 10.3 percent, compared with a regional decrease of 5.6 percent and a national increase of 2.9 percent.

Illinois seems to lag in overall productivity, however. Its average collections per worker has lagged every state in the region, as well as the national average, for both fiscal 95 and 96. The variances are significant. In fiscal 96 Illinois' collections in the best case were a third less (34.4 percent) than the national average and almost two-thirds less (61.2 percent) than the State of Michigan at the other extreme. At the same time, Illinois is reasonably comparable with the region and the nation on other measures of productivity. The State ranks second in caseload per worker, third in paternities established per worker, and ties for fifth in support orders established per worker. These data may say more about how the overall collection process itself is structured and organized compared with those in other states.

Child Support Enforcement

	1992 Fiscal Year	1993 Fiscal Year	1994 Fiscal Year	1995 Fiscal Year	1996 Fiscal Year
	(Dollars in Millions, except Efficiency/Cost Effectiveness)				
Inputs					
Total administrative expenditures	$ 63.1	$ 77.8	$ 87.9	$ 98.6	$ 103.8
Staff employed (FTE)	1,211	1,345	1,362	1,620	1,608
Average total caseload	N/A	N/A	N/A	721,151	730,397
Outputs					
Paternities established	18,900	19,017	24,433	22,236	26,483
Support orders estab.	N/A	N/A	N/A	25,428	22,797
Absent parents located	N/A	N/A	N/A	52,002	54,965
Outcomes					
Total collections distributed	$ 183.3	$ 183.9	$ 202.2	$ 219.3	$ 249.8
AFDC/FC	$ 58.8	$ 55.7	$ 61.1	$ 65.1	$ 72.4
Non-AFDC	$ 124.5	$ 128.1	$ 141.1	$ 154.2	$ 177.4
Families removed from AFDC	629	98	0	1	256
Total program savings	$ 16.3	$ 35.2	$ 41.4	$ 48.3	$ 46.8
Efficiency/ Cost Effectiveness					
Collections per dollar of admin. expenditures	N/A	N/A	N/A	$ 2.23	$ 2.41
AFDC/FC	N/A	N/A	N/A	$ 0.66	$ 0.70
Non-AFDC	N/A	N/A	N/A	$ 1.56	$ 1.71
Collections per FTE	N/A	N/A	N/A	$ 135,395	$ 155,369

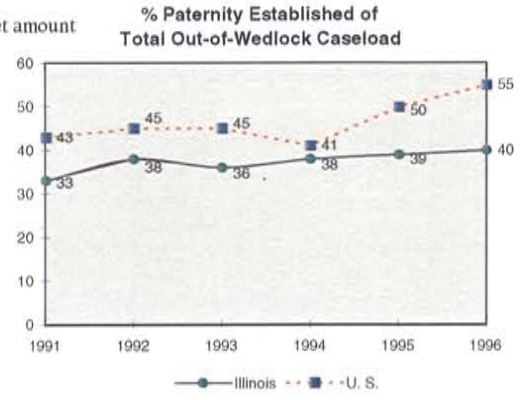
Explanatory Information

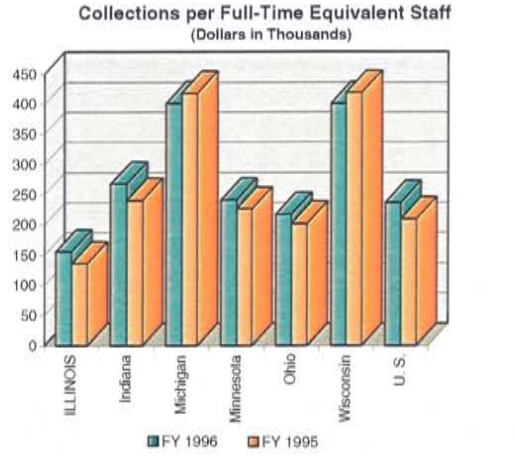
1. Information for all years is the federal fiscal year ending September 30.
2. All data was last updated July 31, 1998.
3. FTE is full-time equivalent staff employed as of September 30.
4. AFDC is Aid to Families with Dependent Children/FC is Foster Care; numbers in this table continue to show the AFDC breakdown, since welfare reform had not been implemented at the time information was reported.
5. Total savings is the difference between reimbursements to AFDC from child support collections and the net amount of administrative expenditures eligible for federal funding.

Child Support Enforcement
FY 1996 BOX SCORES
(% Change from FY 1995)

	Illinois	Region V	U. S.
Total expenditures	5.3 %	6.4 %	1.4 %
Full-time equivalent staff	-0.7 %	3.6 %	-1.3 %
Average caseload			
Total	1.3 %	-1.0 %	0.8 %
AFDC/AFDC arrears	-1.5 %	-4.7 %	-3.9 %
Non-AFDC	5.9 %	4.8 %	6.4 %
Paternities established	19.1 %	9.5 %	8.9 %
Support orders established	-10.3 %	-5.6 %	2.9 %
Absent parents located	5.7 %	13.4 %	16.8 %
Collections distributed			
Total	13.9 %	7.2 %	11.0 %
AFDC/FC	11.2 %	-0.7 %	6.2 %
Non-AFDC	15.0 %	9.1 %	12.6 %
Collections/Dollar expenditure			
Total	8.2 %	0.8 %	9.5 %
AFDC/FC	5.6 %	-6.6 %	4.7 %
Non-AFDC	9.2 %	2.6 %	11.1 %

Region V includes the states of Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin.





Mission and Organization

The Illinois Courts are judicial agencies and thus the only part of the Public Protection and Justice function not a part of the executive branch of state government. In fiscal year 1998, the Illinois Courts received about $229 million in appropriations after transfers. The Illinois Courts are composed of the Supreme, Appellate, and Circuit courts, as well as Mandatory Arbitration.

The Supreme Court of Illinois, in addition to being the state's highest court, is responsible for the state's unified trial court, one Appellate court with five districts, and several supporting units. General administrative and supervisory authority over the court system is vested in the Supreme Court.

Financing of the State Circuit court system is a shared responsibility of the State and counties. State government pays the salaries and benefits of Circuit courts judges, court reporters, and a small number of other personnel. Counties provide office and courtroom space, maintenance, support staff to assist the Circuit court judges, and other services.

The Supreme Court of Illinois and the Illinois General Assembly created court-annexed Mandatory Arbitration to reduce the backlog of civil cases. It provides litigants with a system in which their complaints can be more quickly resolved by an impartial fact finder.

Discussion of Indicators

The Circuit, Appellate, and Supreme Court all track and report similar indicators. The output indicator is 'cases filed,' which is the number of cases filed in one calendar year. The outcome indicator is 'cases disposed,' which is the number of cases dealt with in the year. 'Cases disposed' can, in some instances, be higher than 'cases filed,' due to residual cases from the previous year that are disposed of during the current year. As a result, 'cases filed' and 'cases disposed' can not be compared within one year.

Mandatory Arbitration reports the output of 'cases on calendar' and 'prehearing dispositions,' which are the number of cases never coming to trial because the case was dropped or settled. The outcome measures include 'cases heard,' which is the number of cases that actually went through the mandatory arbitration process. 'Cases pending' indicates how many cases on the calendar were neither heard nor dropped, but remain to be dealt with during the next year. In FY 1997, both prehearing dispositions and cases heard just happened to equal the same number, but since they measure different results, that would not usually be the case.

Mandatory Arbitration's indicators clearly demonstrate what became of the cases on the docket for the year. They indicate both the workload and accomplishments of one year, thus providing comparability. The other courts' data does not provide this type of comparability between output and outcome indicators. It is impossible to know from their data how many cases, filed this year, were disposed of during this same year. Following the example of the Mandatory Arbitration report and capturing comparable data would provide a more accurate picture of what is accomplished in any given year.

All of the courts reported some sort of efficiency or cost effectiveness indicators. One indicator reported by all, except Mandatory Arbitration, was 'cases per judicial officer.' This is the number of cases filed divided by the number of judges. The other efficiency indicator, 'cost per case,' was universal in the courts' SEA reports. This was calculated by dividing the budget appropriation by the cases filed (or in the case of Mandatory Arbitration by the cases on calendar). As might be expected, Mandatory Arbitration, which deals with many simple, small cases has a significantly lower cost per case than the Appellate and Supreme Courts that deal with fewer but more complex cases. The cost per case is lowest in the Circuit Courts because of their high volume of cases, but also because this cost is figured using only the State's budget appropriations, and does not include the significant contribution at the local level.

However, even beyond the Circuit Court, the indicator 'cost per case' does not reflect the true cost, because the output and outcome statistics are prepared on a calendar year basis, while the input indicators are based on the fiscal year. Therefore, once again, the information provided is not comparable. In order to provide more accurate and consistent data, the courts could collect and organize data on a quarterly basis, which would enable them to aggregate the data as needed.

Circuit, Appellate, and Supreme Courts

	Circuit Courts		Appellate Courts		Supreme Court	
	FY 1997	FY 1998	FY 1997	FY 1998	FY 1997	FY 1998
Inputs						
Budget appropriations (in millions)	$ 126.1	$ 131.1	$ 22.1	$ 22.8	$ 7.5	$ 7.9
Cost of equipment used	$ 47,117	$ 43,376	$ 7,434,720	$ 7,739,825	$ 6,237,965	$ 6,575,242
Number of personnel						
Judges	845	866	53	52	7	7
Support staff	702	685	291	289	120	119
Outputs						
Cases filed	4,390,047	4,328,169	8,982	9,307	3,677	3,591
Outcomes						
Cases disposed	4,117,153	3,983,546	9,397	9,578	3,451	3,557
Efficiency/ Cost Effectiveness						
Cost per case	$ 29	$ 30	$ 2,461	$ 2,450	$ 2,046	$ 2,208
Cases per judicial officer	5,195	4,998	169	179	525	513

Explanatory Information

Output and outcome statistics are prepared on the calendar year. Input indicators are based on the fiscal year.

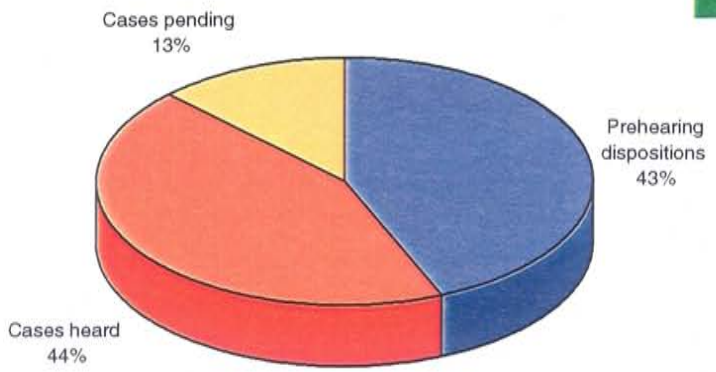
Mandatory Arbitration

	Fiscal Year 1997
Inputs	
Budget appropriations (millions)	$ 5.0
Cost of equipment used	4,444
Outputs	
Cases on calendar	35,307
Prehearing dispositions	15,433
Percent disposed prior to hearing	43.7 %
Outcomes	
Cases heard	15,433
Percent of cases heard	43.7 %
Cases pending	4,441
Efficiency/ Cost Effectiveness	
Cost per case	$ 141

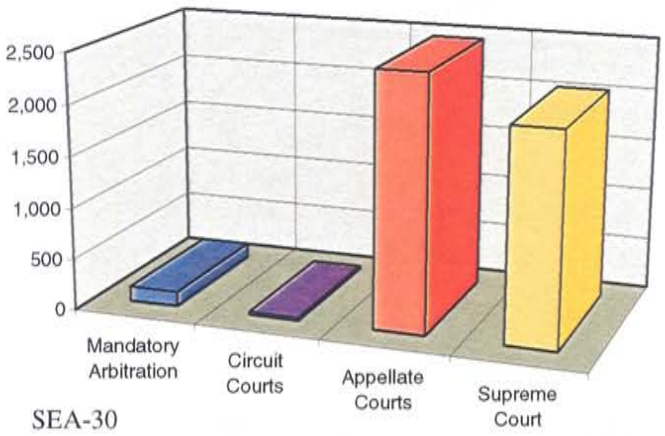
Explanatory Information

Current Fiscal Year output, outcome and efficiency indicators are not yet available. By statute the report to the General Assembly is due annually on or before January 31.

Mandatory Arbitration Cases
Fiscal Year 1997



Cost per Case
Fiscal Year 1997



Mission and Organization

The Department of Corrections (DOC) incarcerates all inmates and juveniles sentenced to it by local courts. The Department's mission is to protect the public from criminal offenders through a system of incarceration and supervision which securely segregates offenders from society. Corrections must also assure offenders of their constitutional rights and maintains programs to enhance the success of the offender's reentry into society.

Description of Indicators

The indicator 'staff per 100 inmates' is a more useful measure than simply a flat staff number because it indicates the workload of the staff. Such a measure would also be more useful for comparison with other states and correctional systems.

DOC provides many population measures. Included as output measures here, they do give an indication of the workload the Department faces, but a case could be made that they are actually input measures. The outcome indicators include information on boot camps and inmates who took and passed the GED exam. Once again there is some question about how these indicators might be classified.

SEA measurements and reporting should help government agencies to think more clearly about their business — their specific products or services, what they are trying to accomplish and their results. Is the population, of a correctional institution merely a reflection of the workload it faces? Or is it more the 'raw material' that must in some way be successfully managed? Are the numbers of inmates who take the GED test simply a measure of the number of tests that must be proctored? Or is it the number of inmates who have achieved a certain level of educational achievement during their incarceration? Performance measures not only illustrate the success of a department at accomplishing its goals, but also are often a silent testimony to what the department sees as its goals and function.

Beyond the measures already mentioned, DOC also reported on the annual per capita cost for its different institutions. The juvenile institution cost per inmate decreased from fiscal year 1996 to fiscal year 1997 as the result of an 11.5 percent population increase during that period. The cost increased during fiscal year 1998 as the result of a much smaller population increase, as well as additional costs incurred with the opening of the Illinois Youth Center at Murphysboro. Also, the annual per capita costs were higher for minimum security as opposed to medium security institutions the latter tend to have fewer inmates and more programs.

Fiscal year 1998 information for any of the GED or boot camp measures was not available in time for publication. Otherwise, DOC's report seems to provide performance measures that illustrate its basic function.

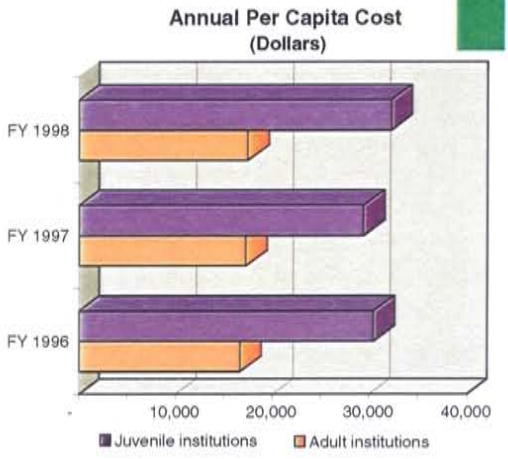
Service efforts and accomplishments reporting seeks to inform taxpayers about how tax dollars are spent and the benefits derived from that spending. The DOC spends over $1 billion a year. It may be sufficient to know only that the Department effectively and efficiently houses those individuals who pose a threat to society. Given the complexity and implications of the crime problem, however, the Department might consider additional indicators that would provide a more complete picture of its service to society. The State of Florida is a case in point. Examples of measures used in Florida Corrections include: rate of escapes from the secure perimeter per 1,000 inmates, rate of attacks on inmates per 1,000 inmates, rate of attacks on staff per 1,000 inmates, percent of inmate random drug tests that are negative, percent of inmates available for work who are not assigned, and rate of major disciplinary reports per 1,000 inmates. The inmate population as a percent of capacity or the recidivism rate would also be useful and informative indicators. This is not to suggest that these should be the Department's performance indicators, but only to provide examples of SEA measures being used by others in a similar function.

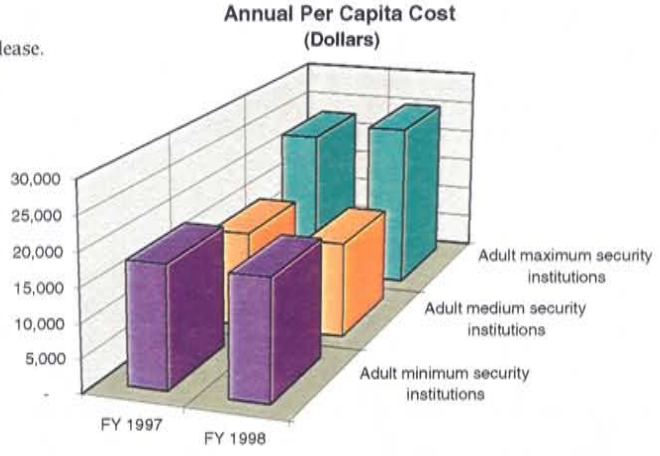
Corrections

	1996 Fiscal Year	1997 Fiscal Year	1998 Fiscal Year
Inputs			
Budget appropriations (millions)	$ 839.0	$ 915.8	$ 1,029.2
Staff per 100 inmates	31.4	31.1	30.4
Outputs			
Total adult population	38,373	40,425	42,140
Juvenile facility population	1,903	2,121	2,154
Mandatory supervised release population	30,136	30,106	30,610
Juvenile field services population	1,114	1,158	1,490
Inmates on electronic detention	858	822	743
Community correctional center population	1,237	1,291	1,393
Boot camp participants	2,152	2,291	N/A
Number of inmates GED tested	2,871	2,962	N/A
Outcomes			
Boot camp graduates	1,593	1,646	N/A
Percent graduating from boot camp	74 %	72 %	N/A
Number of inmates who passed GED	2,344	2,296	N/A
Percent passage rate on GED	82 %	78 %	N/A
Efficiency/ Cost Effectiveness			
Annual per capita cost at adult maximum security institutions	N/A	$ 22,692	$ 25,009
Annual per capita cost at adult medium security institutions	N/A	$ 14,305	$ 14,196
Annual per capita cost at adult minimum security institutions	N/A	$ 17,993	$ 17,688
Annual per capita cost at all adult institutions	$ 16,710	$ 17,271	$ 17,483
Annual per capita cost at all juvenile institutions	$ 30,445	$ 29,432	$ 32,237

Explanatory Information

1. Mandatory supervised release population is the formal name for inmates out on parole.
2. Juvenile field services population is the name for juvenile parole.
3. Inmates on electronic detention is separate from either of these parole numbers.
4. Community correctional center population is the number of adults out on work release.





Mission and Organization

The Department of Professional Regulation issues more than 160 types of licenses in over 45 professional and occupational categories. It aims to maintain standards of competence for license holders and protect the public through disciplinary actions.

The Department has two operating divisions with specific duties and responsibilities. The Licensing and Testing Division is the application-processing division. The process of becoming licensed is designed to ensure that all professionals meet at least the minimum requirements for licensure set forth by law. The second division is the Division of Statewide Enforcement, which includes investigation and prosecution subfunctions. The Investigation Unit compiles the facts of any alleged violations under the Department's jurisdiction and the Prosecution unit seeks to prove the validity of the complaint.

Discussion of Indicators

The Department provided cost figures as a basic input indicator. As noted in each table's explanatory information, cost figures include all the direct costs for the division, however some of the indirect and overhead costs were not included.

Professionals seeking to work in Illinois must first properly complete an application for licensure. Even though the applications differ depending upon profession, the Department has aggregated some information on all application processing. However, it would be useful to have other information. For instance, it might be useful to know how many people took examinations in their professional field and how many passed.

The Enforcement division of the Department includes both the investigation and prosecution units. The investigator is responsible for determining, out of the complaints received, if there has been a violation of a licensing law or the department rules and regulations. The investigator may determine the facts indicate a criminal activity, resulting in a referral to a county state's attorney or the Illinois Attorney General. However, if the case is an administrative violation rather than criminal, it is referred to an internal prosecuting attorney. The 'cases referred to prosecution' indicator seems to measure only the cases referred to the Department's Prosecution unit. No indicator is presented on how many complaints were forwarded outside the Department for criminal prosecution.

The staff attorneys then decide if there is enough evidence to file formal charges. On the Enforcement report the number of 'cases referred to prosecution's staff' and the outcome indicator 'cases accepted by prosecution' happens to be the same. This would not necessarily be the case if the prosecution staff decided there was not enough information to prosecute. If the staff decides to prosecute, the Department and the licensee may enter into a negotiated agreement. In other instances a formal disciplinary hearing is necessary. However, no information is provided on how many cases were dealt with in these ways.

While the Department's report includes data on some of its basic activities, it also raises the possibility of and suggests other performance indicators. For example, information on fees and fines might be informative — how much the Department collects and to what extent it covers the Department's costs. Likewise, the number of cases resulting in fines or other disciplinary action from the total complaints received or investigated would provide a more complete picture. Quality indicators might include the average time to resolve complaints or the percentage of cases resolved within a given period of time. These are just a couple of examples of possible additional indicators, some of which are currently being used by the State of Texas to measure regulation of professions. The lack of more complete information may be due, in part, to a recent change in the Department's computer system.

Nevertheless, this agency illustrates one of the more challenging issues in service efforts and accomplishments reporting — how to measure the benefits of regulatory functions. Business regulation is intended to protect the public, but it is extremely difficult, if not impossible, to determine the extent to which the public is not harmed by inept professionals. At best, the Department may have to rely on various 'proxy' measures to gauge its effectiveness and impact (e.g., long-term changes or reductions in the number of complaints by profession, the extent of voluntary compliance with professional standards, trends in liability costs resulting from legal actions, etc.). The aim would be to demonstrate that the benefits to society and the economy outweigh the costs of regulation. These questions will require much more thinking and development in the evolution of SEA reporting.

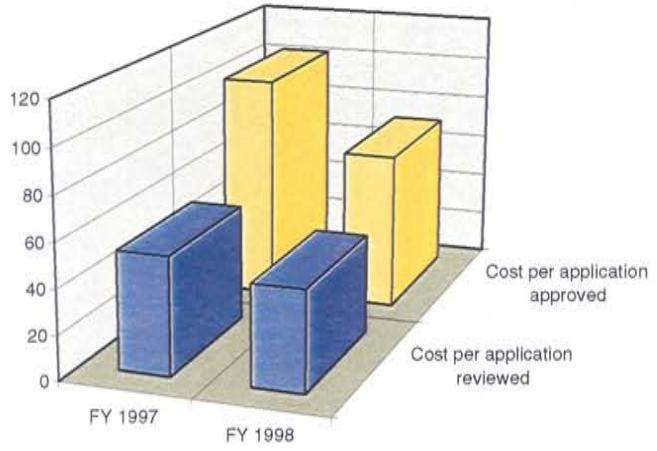
Licensing and Testing Division

	Fiscal Year 1997 Actual	Fiscal Year 1998 Target	Fiscal Year 1998 Actual
Inputs			
Cost of new applications processing (millions)	$ 2.79	$ 2.86	$ 2.66
Average number of personnel (FTE's)	45.0	44.0	40.5
Outputs			
Applications received	52,853	55,000	59,035
Outcomes			
Applications reviewed	52,853	55,000	59,035
Applications approved	27,356	Not Available	37,446
Percent of licenses approved	51.8 %		63.4 %
Efficiency/ Cost Effectiveness			
Cost per application reviewed	$ 52.85	$ 52.09	$ 45.02
Cost per application approved	$ 102.13	Not Available	$ 70.97
Applications approved per FTE	608	Not Available	925

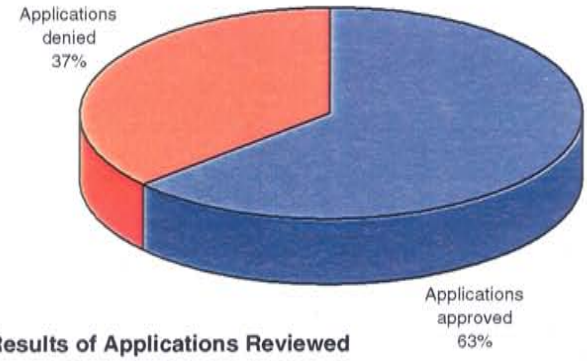
Explanatory Information

FTE stands for full-time equivalent, therefore two part time workers would count as one FTE. All costs reflect only those for the licensing and testing division and exclude cash or receipts processing costs, other data processing costs and any relevant board or committee costs.

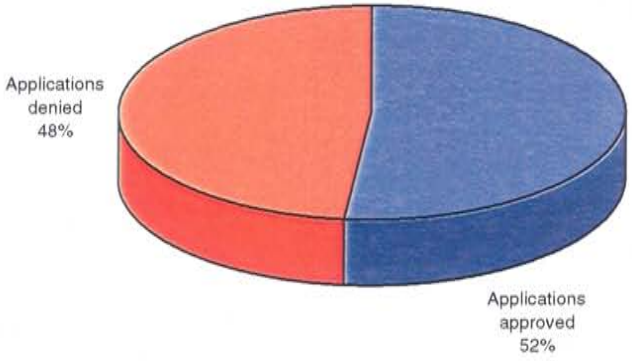
Cost per Application
(Dollars)



Results of Applications Reviewed
FY 1998



Results of Applications Reviewed
FY 1997

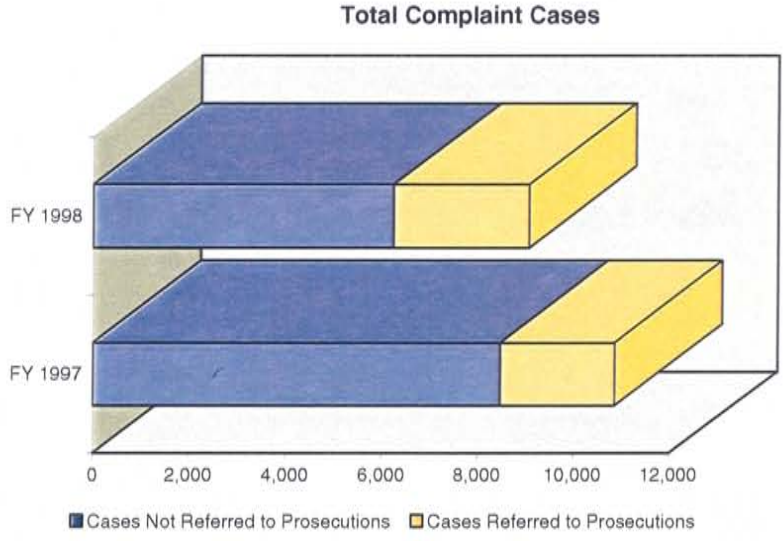


Enforcement

	Fiscal Year 1997 Actual	Fiscal Year 1998 Target	Fiscal Year 1998 Actual
Inputs			
Cost of investigations (millions)	$ 6.11	$ 6.51	$ 6.25
Number of investigators and investigative supervisors authorized	78	78	78
Cost of prosecution staff (millions)	$ 1.57	$ 1.70	$ 1.79
Number of staff assigned/authorized	25	26	26
Outputs			
Complaints received	10,848	10,000	9,058
Cases referred to prosecutions staff	2,382	2,500	2,825
Outcomes			
Cases accepted by prosecutions	2,382	2,500	2,825
Efficiency/ Cost Effectiveness			
Average number of complaints handled per investigator	139	128	116
Cost per complaints handled	$ 563	$ 651	$ 690
Cost per case referred to prosecution	$ 2,565	$ 2,396	$ 2,211
Cost per case of prosecution	$ 659	$ 678	$ 633

Explanatory Information

1. Number of investigators authorized includes unit supervisors and coordinators, but excludes clerical support and professional boxing and wrestling personnel. Cost of investigations includes only staff dedicated to investigations activity.
2. Costs exclude any relevant board and committee costs, and costs of hearing officers and related hearing costs such as court reporting.



Mission and Organization

The Illinois State Police (ISP) was established in 1922 and has grown and expanded since. In fiscal year 1998 it received about $286 million in appropriations, after transfers, mostly from the General Revenue Fund ($184 million) and the Road Fund ($52 million).

The Illinois State Police is a Code Department in the executive branch of government, with four divisions. The Forensic Services Division provides an array of advanced technical crime scene services, including analysis of fingerprints, spent cartridges, hair, fiber, and DNA. The Division of Administration has many functions including the Law Enforcement Agencies Data System (LEADS), regulation of firearm sales, and the Illinois State Police Academy. The Internal Investigation Division investigates allegations of misconduct by ISP officers, as well as executive departments, agencies, commissions, and boards. Finally, the Division of Operations' main function is highway safety and criminal investigation.

Discussion of Indicators

All of the State Police divisions reported the same input indicators: budget appropriations and number of personnel. The output and outcome indicators varied by division.

The Forensic Division's output indicators include 'DNA cases received' and 'DNA cases worked' as well as firearm cases received and worked. In some cases, the number of cases worked is greater than the number of cases received, which is possible because there can be residual cases from previous years. It would be helpful to know how many cases received in a year were worked that year as well as the total number of cases, however, that information was not available.

Among the Forensic Division's outcome measures were 'DNA hits,' 'AFIS hits,' and 'Drugfire hits.' AFIS is the Automatic Fingerprint Identification System, and 'Drugfire' is a computerized firearms identification system developed by the FBI. In all three cases, 'hits' indicates that the computer was able to make a match. Information is not available on the attempts not resulting in hits and, therefore, what percent of all cases result in a hit. While the numbers may look small, much of this data processing technology is rather new, and as more cases are worked, more electronic data will be available for future matches.

Another Forensic Division outcome measure is the ISP User Satisfaction survey conducted among users of forensic services. Although surveys take extra effort to coordinate, they supply important information about how well a service is being provided. In this case, the police had a strong 97.1 percent of users satisfied with their performance.

A part of the Division of Administration is the Law Enforcement Agencies Data System (LEADS), a network linking State, county and local police and allowing them to share a variety of information. Two indicators are 'LEADS Inquiries' and 'LEADS Hits,' indicating the number of matches between an inquiry and a criminal record. In fiscal year 1997 there was about one hit out of every 35 inquiries and about one hit in every 29 inquiries in fiscal year 1998. About three percent of the inquiries each year resulted in hits.

The Division of Administration also administers the Firearm Transfer Inquiry Program, a dial-up instant check of a buyer at the moment of firearm purchase. This check system informs a gun dealer whether the customer has a criminal or mental record and whether the gun can be sold. In fiscal year 1997 about one out of every 82 gun buyers was denied because of a criminal or mental record, while in fiscal year 1998 about one in every 98 buyers was denied. In other words, about one percent of buyers is denied. The Division also processes Firearm Owners Identification (FOID) applications; however, it could only provide an estimate of FOID denials instead of an exact number.

The Division of Internal Investigation conducts background investigations of all gubernatorial appointments and new state employees. Additionally, the Division examines every ISP officer's decision to use his or her weapon. This is one example of the 'internal cases opened,' which are the investigations conducted on the State Police themselves. In contrast, 'external cases opened' is the investigation of any area of State government apart from the State Police. 'Cases referred back to originating agency' means that the State Police's investigation found nothing illegal.

In that case, it is up to the originating agency to decide what, if any, action might be appropriate.

The arrests resulting from investigations can be compared to the net investigations (the external cases not referred back plus the internal cases). In fiscal 1997 6.5 percent of the net investigations resulted in an arrest, compared to 4.1 percent in fiscal year 1998. Other outcome indicators are several percentages to show how time was used on various tasks. While these are interesting measures, they are examples of measures requiring much more precision if they are to be really useful and informative, perhaps primarily for internal management purposes.

One of the challenges facing many public agencies when presenting their accomplishments is that the best indicators of success are often unmeasurable. For example, it would be helpful to know how many motorists did not speed because of the presence and efforts of the police, or beyond that, how many accidents were avoided because some motorists were deterred from speeding. Questions like these cannot be answered because there is no way to measure events that did not occur. In these instances agencies rely on proxy measures, which are the next best measure available to reflect their performance. Examples of proxy measures in the Division of Operations are the number of alcohol-related crashes, fatal crashes and fatalities which did occur.

Cause-and-effect relationships present yet another challenge in assessing service efforts and accomplishments. While police efforts and presence definitely affect the number of crashes, so do external factors such as weather and road conditions. Determining how much changes in measures such as fatal accidents are affected by increased ISP efforts versus external factors is difficult. Likewise, the state of the economy influences crime, which many believe tends to be lower when the economy is strong. These are examples of explanatory information which might routinely be provided to shed additional light on reported performance information.

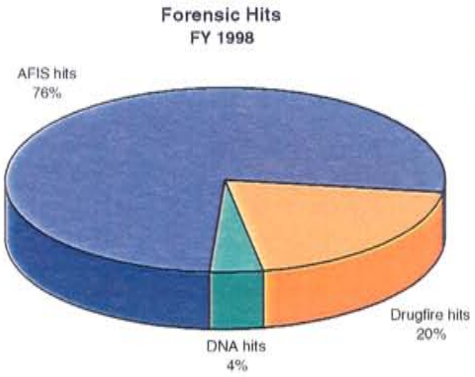
The State Police's four divisions have many varied output and outcome indicators; however, there are no measures of efficiency or cost-effectiveness because the ISP does not presently allocate appropriations or expenditures by activity. This will require a re-design or re-structuring of the financial accounting systems, a challenge not unique to the State Police. But if costs cannot be allocated at this level, it will be impossible in the future to determine the real cost of specific state government services and activities.

Forensic Services

	1997 Fiscal Year	1998 Fiscal Year	Change
	(Dollars in Millions)		
Inputs			
Budget appropriations	$ 45.9	$ 46.5	1 %
Number of personnel	464	472	2 %
Outputs			
DNA cases received	2,249	2,634	17 %
DNA cases worked	2,452	4,809	96 %
Firearm cases received	6,936	7,453	7 %
Firearm cases worked	5,771	7,116	23 %
Crime scene cases	3,700	3,335	(10) %
Fingerprints received and processed	619,564	611,675	(1) %
Outcomes			
Percent of cases processed in 21 days or less	66.4 %	71.1 %	
ISP satisfaction survey: percent very satisfied or satisfied	Not Available	97.1 %	
DNA hits	8	24	200 %
AFIS hits	351	460	31 %
Drugfire hits	66	122	85 %
Efficiency/ Cost Effectiveness	Not Reported		

Explanatory Information

AFIS stands for Automatic Fingerprint Identification System, and Drugfire identifies the gun used in a crime from the shell casing.

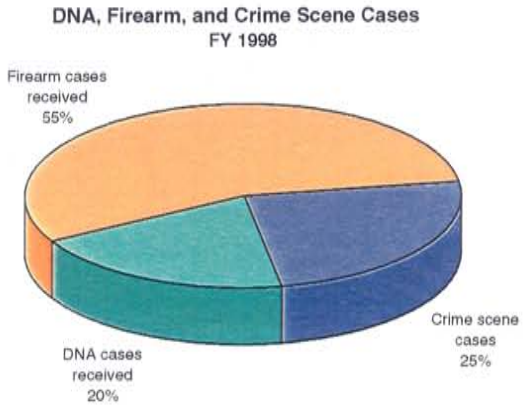


Administration

	1997 Fiscal Year	1998 Fiscal Year	Change
	(Dollars in Millions)		
Inputs			
Budget appropriations	$ 33.2	$ 34.4	4 %
Number of personnel	565	765	35 %
Outputs			
Local officers trained in-service	1,460	1,180	(19) %
New local officers trained	158	185	17 %
FOID applications processed	221,289	200,232	(10) %
LEADS messages (millions)	382.5	389.8	2 %
LEADS records entered	3,449,909	2,785,773	(19) %
LEADS inquiries	140,741,694	126,133,959	(10) %
FTIP inquiries	174,546	168,968	(3) %
Outcomes			
FOID cards turnaround	3 days	3 days	
FOID denials or revocations (est.)	10,000	12,000	20 %
FTIP denials	2,125	1,723	(19) %
LEADS hits	3,992,266	4,317,626	8 %
Efficiency/ Cost Effectiveness	Not Reported		

Explanatory Information

FOID is the Firearm Owners Identification. FTIP is the Firearm Transfer Inquiry Program, and LEADS is the Law Enforcement Agencies Data Systems.

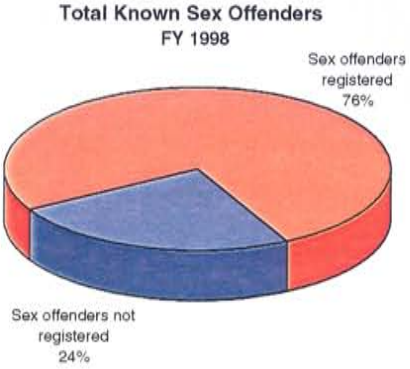


Operations

	1997 Fiscal Year	1998 Fiscal Year	Change
	(Dollars in Millions)		
Inputs			
Budget appropriations	$ 92.3	$ 100.7	9 %
Number of personnel	2,096	1,825	(13) %
Outputs			
Cases opened	8,733	7,799	(11) %
Motorist assists	135,032	133,611	(1) %
Ill vehicle code citations	363,218	394,827	9 %
Criminal arrests	25,209	25,582	1 %
Helicopter missions flown	949	533	(44) %
Sex offenders registered	8,144	10,476	29 %
Outcomes			
Cases cleared by arrest	16.4 %	15.8 %	
Alcohol related crashes	477	442	(7) %
Fatal crashes	1,302	1,209	(7) %
Fatalities	1,447	1,347	(7) %
Sex offenders not registered	11,671	3,371	(71) %
Efficiency/ Cost Effectiveness	Not Reported		

Explanatory Information

Helicopter flew only 5 months in FY98 vs. 12 months in FY97.

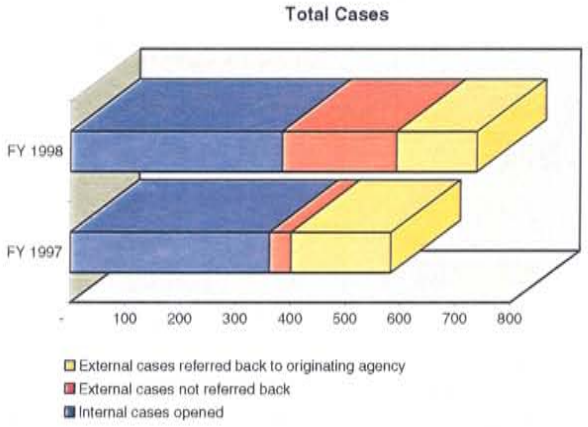


Internal Investigation

	1997 Fiscal Year	1998 Fiscal Year	Change
	(Dollars in Millions)		
Inputs			
Budget appropriations	$ 1.8	$ 2.0	12 %
Number of personnel	63	63	0 %
Outputs			
Background investigations completed	2,127	1,651	(22) %
External cases opened	221	354	60 %
Cases referred back to originating agency	182	146	(20) %
Internal cases opened	362	384	6 %
Training programs delivered to external agencies	1	4	300 %
Outcomes			
Arrests resulting from investigations	26	24	(8) %
Percentage of manhours related to casework	Not Available	25 %	
Percentage of field work (hrs) to report writing	29-30 %	25-34 %	
Percentage of time dedicated to field work	30 %	34 %	
Efficiency/ Cost Effectiveness	Not Reported		

Explanatory Information

Internal cases opened refers to investigations into the Illinois State Police. External cases opened refers to investigations into any other state agency or department aside from the state police.



Mission and Organization

The Liquor Control Commission's (ILCC) mission is to enforce the provisions of the Liquor Control Act. It regulates businesses that manufacture, distribute and sell alcoholic beverages. It also issues licenses, inspects liquor establishments, hears appeals from local liquor commission decisions, reviews citations and evaluates license revocations. The Commission assists State, county and local governments and agencies in interpreting the law and educates liquor licensees and officials.

Beyond what might be assumed from the name of the Commission, the ILCC is also the State's lead agency for tobacco issues. Currently the commission is involved in a campaign titled 'Kids Can't Buy 'Em Here,' which works with local areas and retailers to reduce youth access to tobacco products.

Description of Indicators

The ILCC has three divisions: Licensing, Compliance Case Adjudication, and Inspection. Though admittedly a small agency, it represents one of the more thorough presentations of service efforts and accomplishments received by the Comptroller's Office. First, ILCC presents targets for nearly every one of its indicators, while some SEA reports provided targets for only their budget and personnel numbers. Established targets help the audience of these reports evaluate the work accomplished by the agency's own standards. The audience might ultimately disagree with the target, but it at least provides a starting point for someone not familiar with the program.

Beyond providing targets, this report also provides all the necessary information for comprehensive SEA reporting: inputs, outputs, outcomes, and efficiency/cost-effectiveness indicators. However, more than simply providing just any information for these measures, the ILCC provides information that can be compared and analyzed.

The Compliance Case Adjudication's output and outcome measures provide an example of complete indicators. The first output indicator is 'administrative review cases (ARP),' which is the automated computer system that processes minor violations. If someone charged with a violation wishes to challenge it, she would then have a predisciplinary conference hearing. If satisfied after the predisciplinary conference hearing, she could end the process there, or she could go on to a full citation case if not satisfied. More serious violations go straight to a citation case, which can be appealed. 'Revenue citations' are somewhat different from the outputs listed above in that it is a citation strictly for the charge of sales tax delinquency. The final output measure, 'cases that generated revenues,' correlate with the outcome measures indicating the fines and penalties for each type of case. These indicators track all the steps of the Compliance Case Adjudication process.

There are other examples of complete information in the ILCC's report. For instance, many SEA reports simply report the number of personnel, however, that does not really say much about the amount of time or hours worked. In comparison, the ILCC reports 'personnel assigned' in halves and even quarters of people. This indicates the full time equivalent, accounting for staff working only part-time in a particular activity. The input indicators also include 'staff days worked as percent of maximum,' which is a measure indicating the amount of sick days or other days off taken by the staff. These measures provide a much better idea of not only how many people were working, but also how much time they spent working.

Overall, probably the best example of complete and comparable information occurs in the ILCC's efficiency and cost-effectiveness indicators. All of the divisions cite how much it costs to perform their service, the amount of revenue generated, and the net revenue for that service.

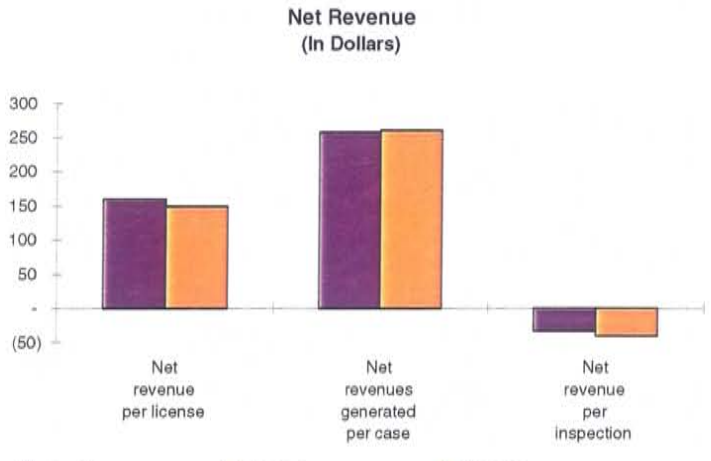
Again, while there are any number of other possible indicators, ILCC's report is one of the best examples of reasonably complete, comprehensive, and comparable SEA reporting.

Licensing

	1997 Fiscal Year Actual	1998 Fiscal Year Target	1998 Fiscal Year Actual
Inputs			
Budget	$ 239,754	$ 250,000	$ 236,546
Personnel assigned	6.5	6.5	6.25
Staff work days	1,506	1,600	1,467
Staff days worked as a percent of maximum	89 %	94 %	90 %
Outputs			
Licenses issued	25,071	26,000	26,402
Mail control entries	24,000	30,000	30,889
Rejected applications	4,158	3,500	3,409
Duplicate licenses issued	339	400	575
Certificate tracking log entries	28,000	33,000	35,000
License revenues collected (millions)	$ 4.237	$ 4.300	$ 4.177
Outcomes			
Licenses issued per staff member per annum	3,857	4,000	4,224
License application turn around time (in hours)	48	36	36
Efficiency/ Cost Effectiveness			
Cost to issue a single license	$ 9.56	$ 9.62	$ 8.96
Revenue collected per license (average)	$ 168.98	$ 165.38	$ 158.18
Net revenue per license	$ 159.42	$ 155.76	$ 149.21

Explanatory Information

1. The maximum staff days in FY97: 1,696; in FY98: 1,631
2. There are 26 categories of liquor licenses which range in cost from $25.00 to $3,600. There are a number of steps which may be required to issue a license: a) mail control log; b) application review; c) possible rejection; d) issue license: and e) enter certificate number in tracking log.
3. One person is administrative, but issues a small portion of the liquor licenses annually. All revenues from liquor licenses are deposited into the Dram Shop Fund.
4. Mail control entries is not a measure of the total license applications mailed, but instead a measure of the total mail received. A single mail control entry could involve multiple applications.
5. Certificate tracking log entries is larger for both fiscal years than the "licenses issued" because there can be paper jams or misprints in the system.
6. Duplicate licenses are issued when the original was lost, stolen, or destroyed.



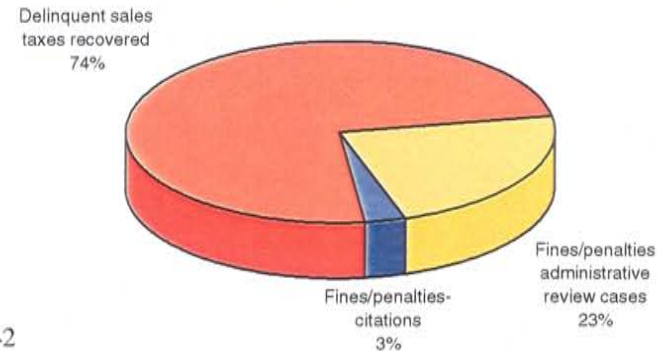
Compliance Case Adjudication

	1997 Fiscal Year Actual	1998 Fiscal Year Target	1998 Fiscal Year Actual
Inputs			
Budget	$ 381,538	$ 405,000	$ 380,983
Personnel assigned	6.25	6.50	6.50
Staff days worked	1,464	1,550	1,472
Staff days worked as percent of maximum	94 %		96 %
Outputs			
Administrative review cases (ARP)	7,377	7,000	7,197
Predisciplinary conference hearings	147	250	293
Citation cases	281	500	541
Appeals	46	48	37
Revenue citations	999	1,000	1,141
Total cases	8,850		9,209
Cases which generated revenue	6,042		5,365
Outcomes			
Fines/penalties administrative review cases	$ 690,033	$ 700,000	$ 628,416
Fines/penalties-citations	$ 46,967	$ 75,000	$ 87,117
Delinquent sales taxes recovered	$ 1,927,473	$ 2,000,000	$ 2,059,330
Total revenue generated	$ 2,664,473		$ 2,774,863
Suspensions	1		2
Revocations	44		84
Warnings or dismissals	1,593		2,495
Efficiency/ Cost Effectiveness			
Cost to process & adjudicate compliance case	$ 43.11	$ 42.00	$ 41.37
Revenues generated per case	$ 301.07	$ 300.00	$ 301.32
Net revenues generated per case	$ 257.96	$ 258.00	$ 259.95

Explanatory Information

The Administrative Review Processing System is an automated computer system that processes minor administrative violations of the Liquor Control Act much like traffic tickets. All parties waive the right to a formal hearing. Citation cases are more serious and may involve violations of the act that impact the public safety of Illinois citizens. All citations come before the commissioners at a formal hearing. All revenues derived from ARP cases and citations are deposited into the General Revenue Fund.

Fines/Penalties
Fiscal Year 1998



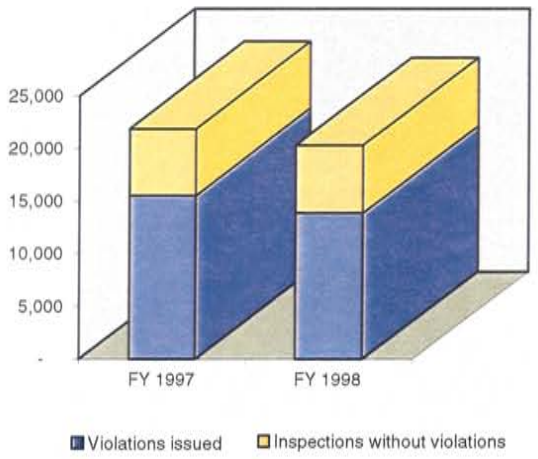
Inspections

	1997 Fiscal Year Actual	1998 Fiscal Year Target	1998 Fiscal Year Actual
Inputs			
Budget	$ 1,474,523	$ 1,500,000	$ 1,535,707
Personnel assigned			
Administrative	5	5	5
Field agents	21	24	21
Annual agent mileage	358,855	370,000	371,446
Outputs			
Retail inspections	19,908	26,920	18,421
Distributor inspections	376	410	320
Special event inspections	343	890	354
Complaint inspections	576	600	569
Follow-up inspections	655	680	680
Total inspections	21,858	29,500	20,344
Outcomes			
Violations issued	15,532	16,100	13,839
Revenues generated from violations	$ 737,000	$ 775,000	$ 715,533
Efficiency/ Cost Effectiveness			
Average inspections per day/per inspector	4.0	4.9	3.7
Violations per 1,000 inspections	710.6	725.0	680.2
Cost per inspection	$ 67.46		$ 75.49
Revenue generated per inspection	$ 33.72		$ 35.17
Net revenue per inspection	$ (33.74)		$ (40.32)

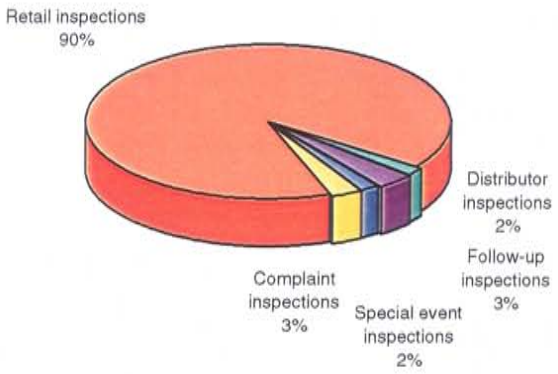
Explanatory Information

Hiring lags led to less than projected field agents in FY98 (3). Commission purchased laptop computers and automated inspection process in early to mid-1998 and this caused slow down due to learning curve, etc. FY99 inspections will rise again to meet or surpass estimates. All fine revenues are deposited into the General Revenue Fund and there is no incentive for our agents to produce target fine revenues.

Total Inspections



Inspections
Fiscal Year 1998



Mission and Organization

The Illinois Environmental Protection Agency (IEPA) was created as part of the Environmental Protection Act of 1970. Its stated mission is to safeguard environmental quality, consistent with the social and economic needs of the State, so as to protect health, welfare, property and the quality of life. In fiscal year 1998 the General Assembly appropriated $780.7 million to fund the work of the agency, which includes administering State and federal programs to protect and improve air, water and land resources and comply with environmental laws. The agency consists of three major bureaus (Air, Water and Land) and administrative offices ranging from legal counsel and public information to chemical safety and laboratories. The IEPA employs approximately 1,300 people, including engineers, biologists, attorneys and other professionals with the skills necessary to carry out the many and varied functions of the agency.

Activities of the agency include: issuing permits; inspecting facilities; monitoring the environment; providing technical and financial assistance to local governments; assisting industry and businesses in compliance and prevention efforts; identifying and initiating enforcement actions against polluters; regulating pollution control facilities and waste disposal sites; training operators of wastewater treatment plants; and testing the quality of water processing procedures. In addition, the agency provides educational programming in an effort to encourage prevention, reduction and recycling.

An interesting aspect of the IEPA's operation is the recent adoption of a performance measurement hierarchy, developed in cooperation with the U.S. EPA and others, to track progress in achieving environmental goals and objectives. The hierarchy, the National Environmental Performance Partnership System (NEPPS), places the most desired environmental objective at the top, followed by program objectives and outcomes, with outputs and activities at the bottom. The focus has shifted from merely tracking activities and counting outputs to examining and measuring progress made in meeting the larger environmental goals.

The IEPA and environmental commissioners from 50 other states and territories comprise the Environmental Council of States (ECOS), a non-profit, non-partisan association of state and territorial environmental commissioners. Member states of ECOS and the U. S. EPA have agreed to utilize the NEPPS performance measures, adapted by states as necessary to accommodate unique conditions and needs.

The U.S. EPA is using these 'core performance measures' as part of its compliance with the federal Government Performance Results Act (GPRA). GPRA requires all federal agencies to prepare and maintain a five-year strategic plan; develop an annual performance plan for implementing the strategic plan; and identify and collect data on performance indicators that substantiate progress in goal achievement. If successful, performance reporting would be vertically integrated and coordinated from the federal level down through the regional and state levels.

Discussion of Indicators

Some data used in this report was extracted from the IEPA's annual report: *Annual Environmental Conditions Report-1997*. This report contains the most recent data available which, for some programs, is 1996 data. The report was formatted in accordance with the NEPPS hierarchy of performance measures. What follows are highlights of the outcome indicators and cost-efficiency measures included in the report that demonstrate how the agency is tracking its progress in meeting the objectives specified.

The goal for the Water Pollution Control division is, simply stated, clean water, safe drinking water and safe groundwater resources for Illinois citizens. In fiscal year 1998 the division reported receiving $507.3 million in appropriations, up $24.5 million from the previous fiscal year, and employing an authorized headcount of 363 individuals. Output indicators included the number of permits issued, facilities inspected and loans issued, as illustrated in the data table. A key indicator of the quality of a waterway is the ability to sustain aquatic life. One of the NEPPS environmental objectives for water programs is to have 80 percent of the nation's surface waters restored or protected so that they support healthy aquatic communities. This is the

definition of the classification 'Good,' the best rating of three used to rate Illinois waterways (the others being 'Fair,' and 'Poor'). The corresponding IEPA environmental objective for Illinois' waterways is to increase to 59 percent the number of waterways rated 'Good' by the year 2000.

The top environmental objective of the Air Pollution Control program is, again simply put, clean air. In fiscal year 1998, the division received slightly less than $99 million and employed an authorized headcount of 399 employees. Output indicators include permits issued, facilities inspected, and vehicle emission tests performed. Determining whether the desired outcome of cleaner air is being met requires monitoring air quality around the state, using the nationally recognized Pollutant Standards Index (PSI). The PSI identifies five ratings for air quality from the best ('Good') to the worst ('Hazardous'). One of the NEPPS environmental air quality goal states: "Every American city and community will be free of air pollutants at levels that cause significant risk of cancer or respiratory and other health problems." Corresponding goals of the IEPA are to maintain 95 percent 'Good' or 'Moderate' air quality conditions in the two ozone nonattainment areas (Chicago and Metro-East/St. Louis) and to maintain 98 percent 'Good' or 'Moderate' air quality conditions in the areas of the state outside the nonattainment areas.

Ozone is the only pollutant that exceeds federal standards in areas of Illinois (the nonattainment areas) and reducing ozone is one of the division's program objectives. Ozone is created on hot summer days when volatile organic material (VOM) emissions react chemically with nitrogen oxides (NOx). An effective way of reducing ozone is to reduce seasonal VOM emissions in nonattainment areas and NOx emissions throughout the region. A program goal of the division is to reduce seasonal VOM in the Chicago nonattainment area by at least 217 tons per day by 1999. The chart illustrates progress toward this goal in the Chicago area, where VOM emissions have decreased 31 percent from 175,633 tons in 1992 to 121,817 tons in 1996.

The major environmental goals of the Land Pollution Control division are safe waste management and reduced or controlled risks to human health and the environment from contaminated sites. The division received $157.1 million in appropriations and employed an authorized headcount of 418 people. Output indicators include permits issued for hazardous and nonhazardous facilities, facilities inspected, and cleanup projects undertaken and completed, both Federal Superfund and State. A NEPPS objective under the goal of safe waste management is the cleanup of sites that pose a risk to human health and the environment. A corresponding State objective is to increase on an average annual basis the land acreage where health risks are reduced or controlled. Leaking Underground Storage Tank (LUST) sites are among the areas that pose a health threat. The IEPA report indicated that 366 acres of LUST sites were improved in 1997 at a per-site cost of $51,990 in 1997, down 59 percent from the per-site cost of $126,830 in 1990. During that same time period, 1,711 non-LUST-contaminated sites were also improved. The report further indicates that the total acres where health risk was reduced or controlled in 1997 increased 168 percent over acreage reported for 1996. Over 60 percent of the increase is due to completion of cleanups at three large voluntary cleanup sites.

As IEPA continues to monitor progress toward reaching the federal and State environmental goals, there will be less emphasis on tracking activities and more emphasis on improved environmental quality. Decision-makers and taxpayers want to know how much it costs to preserve and protect the environment and to clean up areas that pose health risks. The switch in emphasis will provide a better indication of real environmental improvements that are achieved as a result of the agency's work and will be of greater value to policymakers.

Water Pollution Control

	1997 Fiscal Year	1998 Fiscal Year Target	1998 Fiscal Year Actual
Inputs			
Budget appropriations (millions)	$ 482.8	$ 507.3	$ 507.3
Authorized headcount	348	363	363
Outputs			
Permits issued	9,165	9,400	13,984 *
Facilities inspected	1,622	1,600	1,815
Financial assistance			
Wastewater loans issued	34	25	27
Drinking water loans issued	N/A	20	5
Outcomes			
Percentage of waterways in "Good" Condition** (see graph)	N/A	N/A	N/A
Efficiency/ Cost Effectiveness			
None reported			

Explanatory Information

*Includes re-issuance of stormwater permits on a five-year cycle.

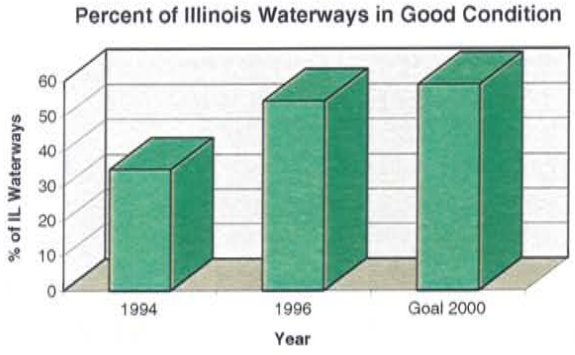
**Data for 1997 and 1998 not available as of this date.

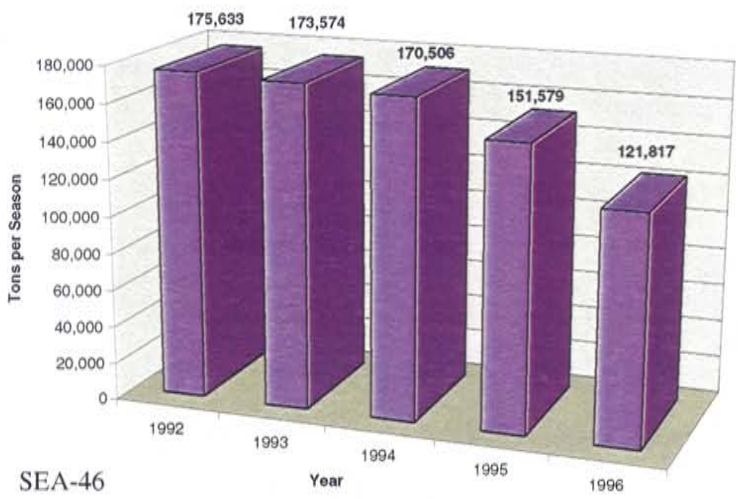
Air Pollution Control

	1997 Fiscal Year	1998 Fiscal Year Target	1998 Fiscal Year Actual
Inputs			
Budget appropriations (millions)	$ 102.3	$ 99.0	$ 99.0
Authorized headcount	399	399	399
Outputs			
Permits issued:			
State	2,296	1,400	2,063
Federal	333	400	398
Facilities inspected	1,392	2,453	1,300
Vehicle emission tests performed (thousands)	1,905	1,752	1,752
Outcomes			
Reduction of VOM emissions* (see graph)	N/A	N/A	N/A
Efficiency/ Cost Effectiveness			
None reported			

Explanatory Information

*Data for 1997 and 1998 not available as of this date.



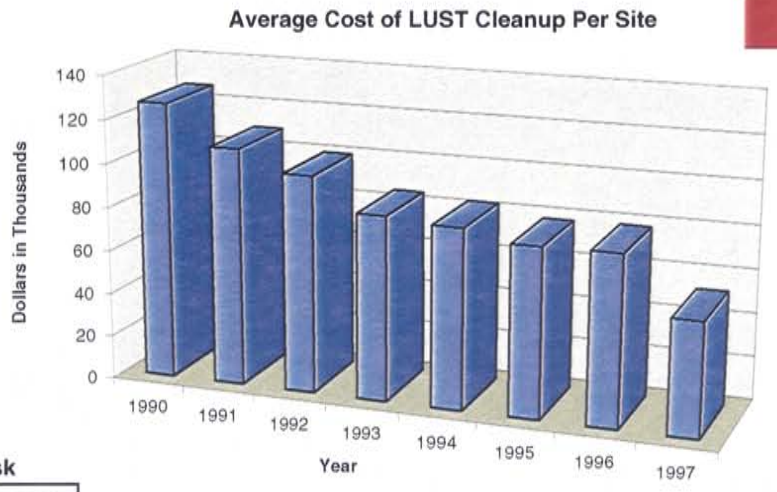


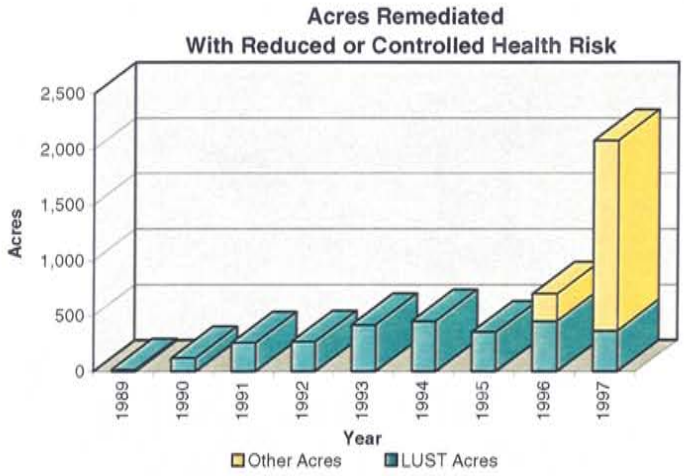
Land Pollution Control

	1997 Fiscal Year	1998 Fiscal Year Target	1998 Fiscal Year Actual
Inputs			
Budget appropriations (millions)	$ 174.2	$ 157.1	$ 157.1
Authorized headcount	442	418	418
Outputs			
Permits issued:			
Hazardous facilities	270	255	363
Nonhazardous facilities	470	500	466
Facilities inspected	6,269	5,800	5,870
Cleanup programs:			
Federal Superfund cleanup projects (state-lead)	0	3	0
Leaking Underground Storage Tanks (LUST) cleanups initiated	1,050	1,250	1,626
Outcomes			
State cleanup projects completed	7	12	5
LUST cleanups completed	944	1,000	945
Efficiency/ Cost Effectiveness			
Average cleanup cost per LUST site* (see graph)	$ 51,900	N/A	N/A

Explanatory Information

*Data for 1998 not available as of this date





Mission and Organization

The Illinois Historic Preservation Agency (IHPA) was created in 1985 by combining the Historical Library — which was established in 1889 — with Historic Sites and Preservation divisions. The latter two divisions were a part of the Department of Conservation, which is now a part of the Department of Natural Resources. The agency collects and publishes information relating to the history of the state and works to protect and interpret Illinois history and historic resources. Among the responsibilities of the IHPA is the preservation of important historic sites through the Federal Historic Preservation Program and the Economic Recovery Tax Act, which includes activities for the identification, evaluation and protection of historic and pre-historic sites. The agency administers 57 state-owned memorials and sites that are visited by almost three million people annually. It also administers the Illinois State Historical Library, a research facility that contains thousands of books, newspapers, films, maps, photographs and manuscripts, and the largest collection of information on Abraham Lincoln in the country. The IHPA is comprised of five major organizational divisions, including: educational services, preservation services, public affairs, historic sites and the historical library. In fiscal year 1998, it received $16.9 million in appropriations and employed an authorized headcount of 223 to carry out its mission.

Discussion of Indicators

The IHPA's Publications Program used $355,296 in appropriated funds in fiscal year 1998 to produce five titles and 17 issues or publications. Although the program received less money in fiscal year 1998, subscribers increased by 36.6 percent from 66,075 to 90,275. With less appropriations and more subscribers, the cost per subscription fell by 27.5 percent from $5.42 to $3.93. With $6.8 million in appropriations and an authorized headcount of 126 employees, the Historic Sites Program hosted 2.8 million visitors at the state's various historic sites. This was an increase over fiscal year 1997 for both appropriations and visitors of 11.5 percent and 12.7 percent, respectively. The average cost to the state per visitor fell from $2.43 in fiscal year 1997 to $2.40 in fiscal year 1998.

The Historical Library received $1.1 million in appropriations, a 7.2 percent increase from the previous year, to acquire, maintain and preserve documents and other items of historic significance to the state. The Library Acquisitions program acquired a total of 16,466 items (see table), down 44.0 percent from the previous year. Patron services at the library remained fairly constant, increasing less than 1 percent from 20,604 served to 20,766. Services for all but the "on site" category increased while on-site assistance decreased by 4.6 percent.

The IHPA is the agency responsible for reviewing applications for entry into the National Register of Historic Places. Entries may be one building or an entire district. The IHPA receives about $600,000 annually from the National Park Service to assist in carrying out mandated responsibilities. The federal grant covers less than half of the cost of services.

The IHPA is a good example of government services on which it is difficult to put a value. What is the value of lost historic resources? Most citizens would probably agree that preserving Illinois' historic sites and resources for future generations is a worthwhile function of state government, and most governments provide such services. An agency like IHPA can work to assure citizens that its services are delivered as efficiently and effectively as possible — that taxpayers are getting good value for the money they do spend. The agency can use SEA indicators and data for these purposes to inform both internal management and taxpayers.

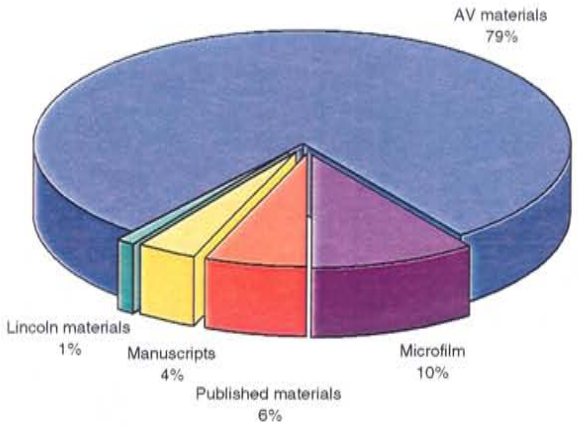
Better cost and financial information would be a good start. For example, the agency generates additional resources through volunteer services, donations of funds and collections, etc. — services for which the taxpayer might otherwise pay. These activities reduce the cost of the services provided or add value to the taxpayer resources the agency receives. Though not included in this report, the agency has indicated it will be examining such possible indicators in the future. Spending per capita for historic preservation might be useful for comparative purposes. Likewise, an agency that serves the public so directly might want to track and report the quality of its services as perceived by its various users. SEA reporting for a function like historic preservation poses additional challenges, but these are examples of measures that might be of interest to the general public and useful for internal management purposes.

Illinois Historic Preservation Agency

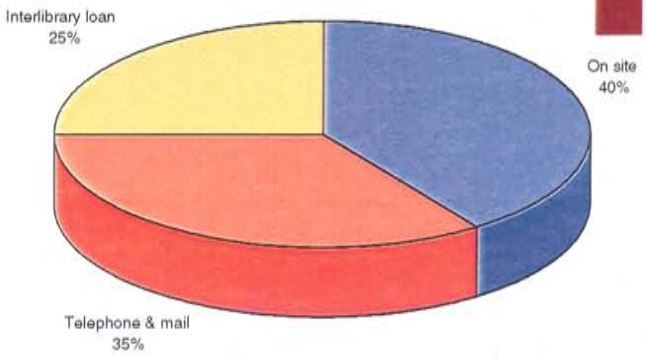
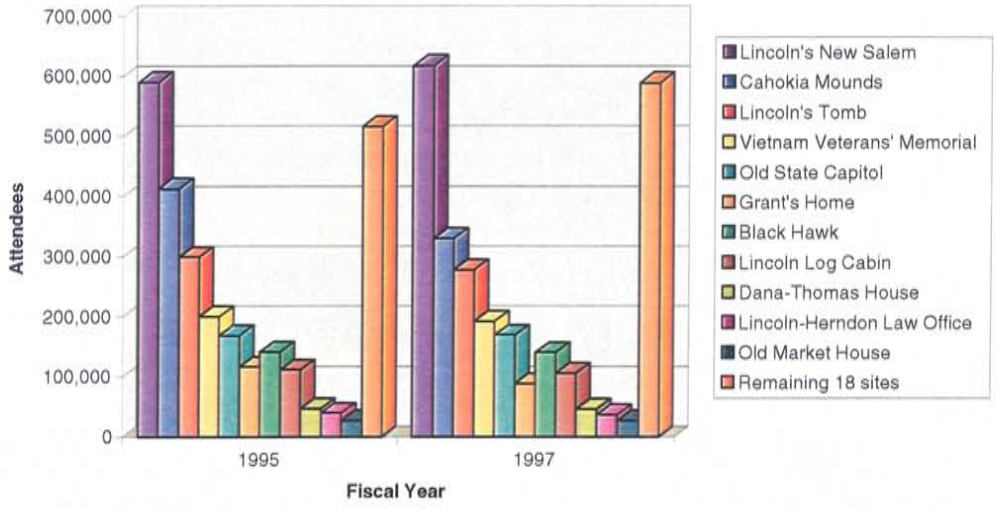
	1997 Fiscal Year	1998 Fiscal Year
Inputs		
Total Appropriations (millions)	$ 15.7	$ 16.9
GRF (millions)	$ 11.8	$ 13.7
Historic Sites (millions)	$ 2.9	$ 2.3
Capital Development Board	$ 800,000	$ 800,000
Build Illinois	$ 150,000	$ 96,428
Authorized headcount	220	223
Outputs		
Historical Library		
Acquisitions	29,422	16,466
Materials preservation	5,002	6,568
Patrons served	20,604	20,766
Publications		
Titles produced	6	6
Issues produced	16	17
Historic site visitors (millions)	2.5	2.8
Educational services		
Participating schools	530	537
Participating students	4,200	4,250
Publications mailed	34,000	31,200
Outcomes		
National Registry entries added	34	35
National Registry properties added	1,043	1,098
Efficiency/ Cost Effectiveness		
National Registry cost per entry	$ 2,118	$ 2,476
National Registry hours per entry	85	104
Cost per subscription	$ 5.42	$ 3.93
Cost per site visitor	$ 2.43	$ 2.40

Explanatory Information

Historical Library Acquisitions
Fiscal Year 1998



Historical Library Patrons Served
Fiscal Year 1998



Attendees at Illinois Historic Sites